Supreme Court, U.S.
FILED

(1) 02-1516 APR 16 2003

OFFICE OF THE CLERK

IN THE

Supreme Court of the United States

ISI INTERNATIONAL, INC.
Petitioner,

v.

BORDEN LADNER GERVAIS, LLP and
BORDEN ELLIOT SCOTT & AYLEN
Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED SATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

David A. Crossman
Counsel of Record
Law Offices of David A. Crossman
433 Briar Place - Suite 11 C
Chicago, Illinois 60657
Attorney for Petitioner

83pp

QUESTIONS PRESENTED

Section 43(a)(1)(B) of the Lanham Act establishes a federal civil remedy for anyone who believes that he or she is, or is likely to be, damaged by another's use of misrepresentations "in commercial advertising or promotion" regarding "the nature, characteristics, qualities or geographic origin of his or her or another person's goods, services, or commercial activities."

The first question presented for review is whether misrepresentations, which would otherwise be actionable under that section, are not actionable if they are made in unsolicited letters to the plaintiff's customers.

The second question presented for review is whether a United States citizen, domiciled abroad, who voluntarily continues to claim, maintain, exercise and enjoy the rights and benefits of citizenship in a particular state, (*i.e.* by continuing to vote in that state's elections for federal offices) can, at the same time, disclaim citizenship in that state for the purpose of defeating diversity jurisdiction.

PARTIES TO THE PROCEEDING AND CORPORATE DISCLOSURE STATEMENT

The parties to this action are set forth in the case caption. Petitioner, ISI International, Inc., states that it is a closely held Illinois corporation, which is not publicly traded, and that no publicly held company owns 10% or more of its stock.

TABLE OF CONTENTS

Questions Presented	i
Parties To The Proceeding and Corporate Disclosure Statement	ii
Table of Contents	iii
Table of Cited Authorities	iv
Table of Appendices	vi
Petition for Writ of Certiorari	1
Opinions Below	1
Statement of Jurisdiction	3
Constitutional and Statutory Provisions Involved	3
Statement of The Case	5
A. The Issue of *Forum Non Conveniens*	5
B. Section 43(a)(1)(B) of The Lanham Act	6
C. Diversity Jurisdiction	13
Reasons For Granting The Petition	17
Conclusion	18

TABLE OF CITED AUTHORITIES

Case	Page
Avins v. Hannum 497 F.Supp. 930 an p. 936 (D.C. Pa. 1980).....	16
Cohens v. Virginia, 6 Wheat. 364, (1821).....	18
First Health Group Corp. v. BCE Emergis Corp 269 F.3d 800 (7th Cir. 2001).....	7, 8, 9, 10, 12
Gordon & Breach Science Publishers S.A. v. American Institute of Physics 859 F. Supp. 1521 (S.D.N.Y. 1994).....	8
ISI International, Inc. v. Borden Ladner Gervais, LLP., 256 F.3d 548 (7th Cir.2001)..	1, 7
ISI International, Inc. v. Borden Ladner Gervais LLP and Borden Elliot Scott & Aylen 316 F.3d 731 (7th Cir. 2003).....	3, 5, 6, 7, 8, 13, 14
Newman-Green, Inc. v. Alfonzo-Larrain, 490 U.S. 826 (1989).....	16
Federal Statutes and Rules	
Federal Lanham Act 15 U.S.C. §1125 (a)(1)(B) 15 U.S.C. 1125 (a) Section 43(a).....	3, 4, 6, 10, 11, 12, 13, 17
Uniformed Services and United States Citizens Living Abroad Act 42 U.S.C. § 1973ff	17, 18
Rule 4(k)(2). Fed.R.Civ.P.....	1

United States Code	**Page**
28 U.S.C. §1254(1).....	3
28 U.S.C. § 1332(a).....	4
Other Authorities	
Constitution of the United States Section 2 of Article III.....	3, 4
Congressional Record - Senate, Vol. 134, Part 22 October 20, 1988, S 32053.....	12, 13
13B Wright, Miller & Cooper, *Federal Practice and Civil Procedure* 2d § 2621	14, 15

TABLE OF APPENDICES

APPENDIX A - Minute Order - March 10, 1999 United States District Court Northern District of Illinois, Eastern Division — A-1

APPENDIX B - Opinion - July 2, 2001 United States Court of Appeals for the Seventh Circuit — A-4

APPENDIX C - ORDER - August 10, 2001 United States Court of Appeals for the Seventh Circuit — A-17

APPENDIX D - Memorandum Opinion and Order United States District Court Northern District of Illinois, Eastern Division dated October 30, 2001 — A-20

APPENDIX E - ORDER - January 4, 2002 United States Court of Appeals for the Seventh Circuit — A-33

APPENDIX F - Memorandum Opinion and Order, United States District Court Northern District of Illinois, Eastern Division dated February 14, 2002 — A-36

APPENDIX G - ORDER January 21, 2003 United States Court of Appeals for the Seventh Circuit — A-46

APPENDIX H - Letter dated January 24, 1997 to American Pharmaceutical Partners, Inc. — A-52

APPENDIX I - Declaration of Carol J. Brown dated June 6, 2002. — A-54

PETITION FOR A WRIT OF CERTIORARI

Petitioner respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Seventh Circuit in this case.

OPINIONS BELOW

This petition arises from the third, of three, appeals by ISI International, Inc. ("ISI") from orders of the district court dismissing its complaint against the Canadian law firm of Scott & Aylen, ("S&A") on *forum non conveniens* grounds.

Initially, the district court dismissed ISI's complaint for lack of personal jurisdiction and on *forum non conveniens* grounds. (Appendix A *infra*, p. A-1). On appeal (*ISI One*), in an opinion reported at 256 F.3d 548 (Appendix B, *infra*, p. A-5), the court of appeals vacated that dismissal, holding that personal jurisdiction was proper pursuant to Rule 4(k)(2) Fed.R.Civ.P. However, the court of appeals then remanded the case to the district court for further consideration of the issue of *forum non conveniens*.

After the filing of ISI's complaint, S&A merged with another law firm, Borden & Elliot ("B&E") to form a new partnership, Borden Elliot Scott & Aylen ("BES&A"), then, still later, BES&A merged with several other Canadian law firms to form a new partnership, Borden Ladner Gervais ("BLG").

Having learned of these mergers from S&A's disclosure statement, the court of appeals, on its own initiative and motion, removed S&A and substituted BLG as the defendant in this case, but, when BLG objected to this substitution, the court of appeals withdrew the mandate to the district court, and instructed BLG to provide further information and argument as to why it should not be the defendant in this case in lieu of S&A. Then, after considering the further submissions from BLG, the court of appeals, in an unreported opinion (Appendix C *infra*, p. A-19) held that BLG should remain the named defendant in this case.

On remand, the district court again dismissed ISI's complaint on *forum non conveniens* grounds (Appendix D *infra*, p. A-23), and ISI again appealed from that dismissal ("*ISI Two*"). However, before the briefing on *ISI Two* was completed, the court of appeals, on its own initiative, vacated that second dismissal of ISI's complaint and remanded the case with instructions to the district court to determine whether S&A or BLG should be the defendant in the case, and to enter an order binding on that defendant. (Appendix E *infra*, p. A-37).

Thereafter, the district court held that both S&A and BLG should be retained as co-defendants, and, for the reasons set forth in its earlier Memorandum Opinion and Order of October 30, 2001, again dismissed ISI's complaint on *forum non conveniens* grounds, (Appendix

F, *infra*, p. A-41), from which ISI again appealed (*ISI Three*).

In *ISI Three*, the court of appeals concluded that the private interest and public interest factors did not support the dismissal of ISI's complaint on *forum non conveniens* grounds. Nevertheless, in an opinion reported at 316 F.3d 73 (Appendix G *infra*, p. A-51), it affirmed the dismissal of ISI's complaint on other grounds. Specifically, the court of appeals held that ISI's complaint did not state a cause of action under Section 43(a)(1)(B) of the Lanham Act, and that, in the absence of a "federal question", there was no basis for diversity jurisdiction, because there was not complete diversity between the parties.

STATEMENT OF JURISDICTION

The judgment of the court of appeals was entered on January 21, 2003. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

Section 2 of Article III of the Constitution of the United States establishes, in pertinent part, that:

> The judicial Power shall extend to all Cases, in Law and Equity, arising under this Constitution, the Laws of the United States, and Treaties

> made, or which shall be made, under their Authority;--to all Cases affecting Ambassadors, other public ministers and Consuls;--to all Cases of admiralty and maritime Jurisdiction; -- to Controversies to which the United States shall be a Party; -- to Controversies between two or more States; -- between a State and Citizens of another State; -- between Citizens of different States; -- between Citizens of the same State claiming Lands under Grants of different States, and between a State, or the Citizens thereof, and foreign States, Citizens or Subjects.

Section 1332 (a)of Chapter 28 of the United States Code further provides that:

> The district courts shall have original jurisdiction of all civil actions where the mater in controversy exceeds the sum or value of $75,000.00, exclusive of interests and costs, and is between -
>
> 1. citizens of different states ...

Section 43(a)(1)(B) of the Federal Lanham Act (15 U.S.C. § 1125(a)(1)(B)) (as amended by the Trademark Law Revision Act of 1988) provides that:

> Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or

> any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which -
>
> ...
>
> (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

STATEMENT

A. The *Forum Non Conveniens* Issue

The court of appeals considered all of the public interest and private interest factors upon which the district court had based it dismissal of ISI's complaint on *forum non conveniens* grounds, and concluded that, "None of these considerations so strongly supports the Canadian venue that plaintiff's choice must be overridden." (p. A-54 *infra*). Nevertheless, the court of appeals affirmed the district court's dismissal of ISI's complaint, holding that:

> ... the Lanham Act claim that justified the presence of this case in federal court turns out to be untenable. (p. A-54 *infra*) ...

> Recognition that ISI International's Lanham Act claim fails on the merits ... does deprive ISI International of any substantial interest in having the remainder of the suit resolved in federal court. (p. A-55 *infra*)

Thus, the court of appeals found it unnecessary to rule directly on the issue of *forum non conveniens* because:

> Indeed, even if we were to declare that the district court abused its discretion by using the doctrine of *forum non conveniens*, that court would be free to relinquish supplemental jurisdiction now that the claim under federal law has been resolved, see 28 U.S.C. §1367(c)(3), a step that would have the same practical effect as the use of *forum non conveniens*. (p. A-55, *infra*)

B. Section 43(a)(1)(B) of the Lanham Act

ISI's Lanham Act claim is based upon the allegation that the Canadian law firm of Scott & Aylen made false and misleading representations about ISI's products and those of one of ISI's competitors, Dr. Reitsma, in a series of letters sent to ISI's customers, including one of ISI's customers in the United States, American Pharmaceutical Partners in California (Appendix H *infra*, p. A-57). Those letters also solicited the recipients to do business with Dr. Reitsma, rather than with ISI.

Scott & Aylen has not only acknowledged sending the letters in question but also has admitted that the representations in those letters were false. This was confirmed by the court of appeals, as follows, in its opinion in *ISI One*:

> This letter twice stated that Reitsma holds a patent on the device, yet S&A well knew that Reitsma had none. ... One of these letters went to American Pharmaceutical Partners in California, which dropped ISI International like a hot potato. So did everyone else. (Appendix B *infra*, p. A-6-7)
>
> Scott & Aylen conceded knowing that Reitsma never obtained a patent in his own name, although it represented otherwise in the letters sent to ISI's clients. (Appendix G *infra*, p. A-55)

Nevertheless, based on its earlier opinion in *First Health Group Corp. v. BCE Emergis Corp*, 269 F.3d 800 (7th Cir. 2001) (hereinafter referred to as "*First Health*"), the court of appeals held that ISI's complaint failed to state a claim under the federal Lanham Act because:

> ... *First Health Group Corp. v. BCE Emergis Corp*, 269 F.3d 800 (7th Cir. 2001), held that letters sent to customers do not come within the scope of §43(a)(1)(B) - which is limited to false or misleading "commercial advertising or promotion" and does not cover all deceitful

business practices. (Appendix G, *infra*, p. A-55)

Therefore, it is necessary to examine the seventh circuit's analysis in *First Health* in order to understand the basis for its affirmation of the dismissal of ISI's complaint in the case at bar.

In *First Health,* the seventh circuit stated at 269 F.3d 800, at p. 803:

> The district court treated "commercial advertising or promotion" as a synonym for all commercial speech that the first amendment allows the federal government to regulate. See 1998 U.S. Dist. Lexis 3183 (N.D. Ill. Mar. 12, 1998). In reaching this conclusion it relied on a line of decisions by other district courts that follow a multi-factor approach for determining the scope of sec.43(a). *See, e.g., Gordon & Breach Science Publishers S.A. v. American Institute of Physics,* 859 F. Supp. 1521 (S.D.N.Y. 1994) (the originator of this four-part test). We have serious doubts about the wisdom of displacing the statutory text in favor of a judicial rewrite with no roots in the language Congress enacted. Treating sec.43(a)(1)(B) as filling all ground that the Constitution allowed to the legislature is especially implausible, for when the Lanham Act was adopted there were no constitutional limits on the regulation of commercial speech. (citations omitted). Any plan to occupy all of the

> constitutionally permitted space would have used the phrase "commercial speech," rather than "advertising or promotion" in sec.43(a)(1)(B), and the variety of other scope rules found elsewhere in the statute.

Thus, the seventh circuit based its interpretation of "commercial advertising and promotion," primarily on two factors. First, as stated at 269 F.3d 800, at p. 804:

> ... First Health has not offered any material from the time of the Lanham Act's adoption (either legislative history or other examples of usage in the legal community) implying that the statutory phrase "commercial advertising or promotion" means anything other than what a user of normal English would assume.

Second, as stated at 269 F.3d 800, at p. 803:

> Treating sec.43(a)(1)(B) as filling all ground that the Constitution allowed to the legislature is especially implausible, for when the Lanham Act was adopted there were no constitutional limits on the regulation of commercial speech. (citations omitted). Any plan to occupy all of the constitutionally permitted space would have used the phrase "commercial speech," rather than "advertising or promotion" in sec.43(a)(1)(B), and the variety of other scope rules found elsewhere in the statute.

Both of these statements, however, confirm that, when it rendered its opinion in *First Health*, the seventh circuit was apparently unaware that the language which it was construing was not originally in the Lanham Act when it was enacted in 1946, but was only added in 1988 . The original Section 43(a) of the Lanham Act read as follows:

> **Section 43(a) (15 U.S.C. 1125a)**
> **False designations of origin and false descriptions forbidden**
> Any person who shall affix, apply or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation. Including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of such false description or representation.

It was not until the enactment of the Trademark Law Revision Act of 1988 that this terminology was added as part of a new Section 43(a)(1)(B), which now reads as follows:

> **§43 (15 U.S.C. §1125).**
> **False designations of origin; false description or representation**
> (a) (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which–
>
> > (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
> >
> > (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,
>
> shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

Consequently, without actually examining the legislative history relating to the enactment of section 43(a)(1)(B) of the Lanham Act, the seventh circuit based its conclusion that ISI's complaint failed to state a cause of action under that section upon its erroneous speculation that, as stated in *First Health Group Corp. v. BCE Emergis Corp*, 269 F.3d 800 at p. 893 (7th Cir. 2001):

> The language and structure of sec.43(a)(1)(B) do not suggest a line between commercial and political speech, with the former completely covered and the latter not. They suggest a line between varieties of commercial speech.

That conclusion, however, stands in diametric opposition to the actual congressional intent in adopting that language, which was explained, as follows, by Senator DiConcini, co-sponsor of the Trademark Law Revision Act of 1988, when he introduced the bill to the senate:

> In limiting the language in this say (sic) the word "commercial" is intended to eliminate any possibility that the section might be applied to political speech. Although the Senate sees this language as unnecessary because section 43(a) requires that the misrepresentations be made with respect to goods or services, we consider the inclusion of the language harmless so long as Congress' intent that it be interpreted only as excluding political speech is clear. It is also

> Congress' intent that the "commercial" language be applicable any time there is a misrepresentation relating to goods or services. (Emphasis Added) [Congressional Record - Senate, Vol. 134, Part 22 - October 20, 1988, S 32053]

Consequently, the seventh circuit affirmation of the dismissal of ISI's complaint should be reversed because it was predicated upon an erroneous construction of section 43(a)(1)(B) of the Lanham Act, which negates the underlying legislative intent of congress in enacting the Trademark Law Revision Act of 1988.

C. Diversity Jurisdiction

Having first determined that, in the absence of a viable Lanham Act claim, subject matter jurisdiction could not be based on a "federal question", the court of appeals then held that, in the alternative, subject matter jurisdiction could not be based upon diversity, because:

> (One of Scott & Aylen's partners is a U.S. citizen domiciled in Canada; she has no state citizenship, so diversity jurisdiction is unavailable. *See Newman-Green, Inc. v. Alfonzo-Larrain*, 490 U.S. 826, 829. (1989).)
>
> Because no claim under U.S. federal law remains in the case, and the parties are not of diverse citizenship, the most appropriate place

> for this litigation is Ontario ... (Appendix G *infra*, p. A-55-56)

It is well settled that, for purposes of diversity jurisdiction, a partnership is deemed to have the citizenship of each of its partners. Thus, the absence of diversity as to any one of Scott & Aylen's partners would negate the basis for diversity jurisdiction as to the partnership itself. It is also well settled that, as stated at 13B Wright, Miller & Cooper, *Federal Practice and Civil Procedure* 2d, § 3621 at pp. 577-578:

> Accordingly, it has been held consistently that a diversity suit may not be maintained under Section 1332(a)(1) by or against a United States citizen domiciled in a foreign country.

However, as also stated at 13B Wright, Miller & Cooper, *Federal Practice and Civil Procedure* 2d, § 3621 at pp. 580-578:

> The purpose of diversity jurisdiction is said to protect an out-of-state litigant from prejudice if he is forced to litigate away from home. Certainly, an American domiciled abroad is as likely to be considered as much a stranger to a state forum as is an individual domiciled in a neighboring state. Consequently, the state citizenship of a United States citizen living overseas might properly be defined as being the state in which he or she last had an established

> domicile. This would permit an American's state citizenship to continue until foreign citizenship had been acquired or the American abandoned United States citizenship.

To negate the basis for diversity jurisdiction over the partnerships in which she was a member, Ms. Brown, a partner in both S&A and BLG, submitted a Declaration (which was attached to Scott & Aylen's Answering Brief on Appeal) attesting to the fact that she is a United States citizen and that:

> In 1985 I moved to Ottawa and joined Scott & Aylen. I was a partner of the firm when ISI International, Inc. filed its U.S. lawsuit, 98 C 7614. I have remained with the firm at all times since joining in 1985, and am also currently a partner of Borden Ladner Gervais LLP. (Appendix I *infra*, p. A-60)

Ms. Brown also confirmed in her declaration that:

> I have always been a U.S. Citizen. I vote in U.S. federal elections, most recently the 2000 U.S. presidential election. (Appendix I *infra*, p. A-60)

There are, however, no purely "federal elections." To the contrary, there are only elections for the candidates from a particular state for federal offices, and the right to vote for those candidates, including the electors from that state to the Electoral College, is limited to those

persons who are, in fact and law, citizens of that state.

Certainly one of the most important rights attributable to citizenship in a particular state is the right to participate in its governmental affairs through voting in its elections. Indeed, voting in a state has been held to, at least, raise a presumption of citizenship in that state. *See Generally: Avins v. Hannum,* 497 F.Supp. 930 an p. 936 (D.C. Pa. 1980). In the instant case, Ms. Brown's written declaration confirms her intention to remain a United States citizen, and her acts of continuously claiming the right to vote in the elections of a particular state (presumably either Vermont or New York) demonstrates her intention not to terminate her status as a citizen of the state wherein she resided before becoming domiciled abroad.

In holding that, in the alternative, there would be no basis for diversity jurisdiction for ISI's complaint against S&A, the seventh circuit applied the holding in *Newman-Green, Inc. v. Alfonzo-Larrain* and similar cases as establishing a conclusive presumption that every United States citizen living abroad can never be a citizen of any state. However, the acknowledged facts in the case at bar call into question whether those holdings establish a conclusive presumption or a rebuttable presumption, which can be overcome, as in this case, by evidence that the person has voluntarily elected to remain an "absentee" citizen of the state in which he or she resided before moving abroad. Stated differently, the question is whether a United States citizen, living

abroad, who legally claims, maintains, exercises and continues to enjoy the rights of citizenship in a particular state can disavow that citizenship for purposes of defeating diversity jurisdiction.

REASONS FOR GRANTING THE PETITION

Section 43(a) of the Lanham Act is, and has been, one of that Act's most important sections. Indeed, it has sometimes been referred to as the "federal law of unfair competition." At best, other circuits, which might not agree with the seventh circuit's interpretation of the language in Section 43(a)(1)(B) would only create unacceptable differences between the circuits in the enforcement of the Lanham Act throughout the United States. At worst, the seventh circuit's erroneous construction of the language in Section 43(a)(1)(B) may be accepted by other federal courts, thereby perpetuating an error which is at odds with the congressional intent in adopting that language. Consequently, this issue is uniquely suited to resolution by the United States Supreme Court.

Although the second issue raised by ISI's petition for a writ of certiorari may be rendered moot if the seventh circuit's analysis of section 43(a)(1)(B) is rejected, this second issue also involves an extremely important question of constitutional law and federal civil procedure. In the instant case, the United States citizen in question is not a traditional, stateless, "ex patriot", who has severed the ties with the state where

she previously resided before becoming domiciled abroad. To the contrary, as permitted by the Uniformed Services and United States Citizens Living Abroad Act (42 U.S.C. § 1973ff, *et seq.*) she has continued to claim and enjoy the benefits of citizenship in the state where she last resided before moving to Canada.

The resolution of this second issue transcends the facts of this case and the underlying dispute between the litigants. Indeed, it will directly impact thousands of United States citizens living abroad, including those who are serving in the armed services of the United States and who are stationed, with their families, overseas. If they are conclusively precluded from establishing their intent to legally continue and maintain their citizenship in the states where they resided before becoming domiciled abroad, then they will be systematically denied what Chief Justice Marshall characterized in *Cohens v. Virginia*, 6 Wheat. 364, at p. 378, as their "constitutional right to come into the courts of the Union."

CONCLUSION

For the forgoing reasons, it is respectfully submitted that the petition for a writ of certiorari should be granted.

April 2002

Respectfully submitted,

David A. Crossman
Law Offices of David A. Crossman
433 Briar Place - Suite 11 C
Chicago, Illinois 60657
(773) 248 1530
David@Crossman.com
Attorney for Petitioner

APPENDIX A

Minute Order of the United States District Court for the Northern District of Illinois, Eastern Division - dated March 10, 1999

IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS EASTERN DIVISION

ISI INTERNATIONAL, INC.	)	
Plaintiff,	)	No. 98 C 7614
V.	)	Suzanne B. Conlon,
SCOTT & AYLEN	)	Judge
Defendant.	)	

ORDER

ISI International, Inc. ("ISI"), an Illinois corporation, sues the law firm of Scott & Aylen for various torts and unfair trade practices arising from Scott & Aylen's involvement in procuring a medical device patent and license for its client, Dr. Bert Reitsma. Scott & Aylen, a Canadian firm, moves to dismiss the action for lack of personal jurisdiction pursuant to Fed. R. Civ. P. 12(b)(2). Alternatively, Scott & Aylen requests that the case be dismissed on *forum non conveniens* grounds.

On a motion to dismiss for lack of personal jurisdiction, the plaintiff carries the burden of proof. Nelson v. Park Industries, Inc., 717 F.2d 1120, 1123 (7th Cir. 1983), cert. denied, 465 U.S. 1024 (1984); Torco Oil Co. v. Innovative Thermal Corp., 730 F.Supp. 126, 128

(N.D.Ill. 1989). A *prima facie* showing of jurisdiction over the defendant will satisfy the burden. O'Hare Int'l Bank v. Hampton, 437 F.2d 1173, 1176 (7th Cir. 1971). In deciding the motion, the court may consider affidavits from both parties. Id. All factual conflicts are resolved in favor of the plaintiff. Deluxe Ice Cream Co. v. R.C.H. Tool Corp., 726 F.2d 1209, 1215 (7th Cir. 1984).

Federal due process and the Illinois Long Arm statute, 735 ILCS 5/2-209, restrict personal jurisdiction to situations where the defendant has "minimum contacts" with the forum state, and the exercise of jurisdiction does not violate "traditional notions of fair play and substantial justice." Asahi Metal Indus. Co. v. Superior Court of California, 480 U.S. 102, 105 (1987). Furthermore, the fiduciary shield doctrine prevents the exercise of personal jurisdiction over an entity whose presence and activity in the forum state was solely on behalf of an employer. Rice v. Nova Biomedical Corp., 38 F.3d 909, 912 (7th Cir. 1994); Rollins v. Ellwood, 141 Ill. 2d 244, 278 (1990). Scott & Aylen's contacts with Illinois occurred at the behest of their client, Dr. Reitsma; the law firm did not conduct business in Illinois for its own benefit. As an agent contacting the forum state on behalf of a client, Scott & Aylen's business transactions with ISI in Illinois are protected by the fiduciary shield doctrine. Scott & Aylen has not availed itself of forum protections, creating no expectation of being haled into Illinois court. World-Wide Volkswagen Corp. v. Woodson, 444 U.S. 286 (1980).

ISI asserts that it was actually Scott & Aylen's client for a period of time because it paid some of the bills incurred in developing its licensing agreement with Dr.

Reitsma. Pl. Resp. at 5. However, payment of bills does not create an attorney-client relationship. Plant Genetic Systems, N.V. v. Ciba Seeds, 933 F. Supp. 514, 517 (M.D.N.C. 1996). Moreover, Scott & Aylen's representations to ISI gave no indication of an attorney-client relationship. ISI retained its own counsel in the matter, as evidenced by correspondence between Scott & Aylen and Roberts & McGivney, ISI's attorneys. Complaint, Ex. S. ISI has not established minimum contacts necessary for personal jurisdiction.

Even if ISI had established personal jurisdiction over Scott & Aylen, the suit should be dismissed on *forum non conveniens* grounds. This doctrine permits a court to decline jurisdiction when litigation could be brought in a more appropriate forum. Gulf Oil Corp. v. Gilbert, 330 U.S. 501 (1947). Dismissal on the basis of *forum non conveniens* requires an alternative forum in which the suit can be prosecuted. Piper Aircraft Co. v. Reyno, 454 U.S. 235 (1981). Because Dr. Reitsma and Scott & Aylen reside in Ontario where the business transactions underlying the suit occurred, the action is more properly prosecuted in an Ontario court. See id. Moreover, the licensing agreement is governed by Ontario law, which is more appropriately applied by a Canadian court. ISI argues an Ontario forum may not be available because the statute of limitations will bar the action, but Scott & Aylen has agreed to waive a statute of limitations defense in an Ontario forum if the suit was timely filed in this court.

/S/
Suzanne B. Conlon

APPENDIX B

Opinion of the United States Court of Appeals for the Seventh Circuit, Dated and Decided July 2, 2001 (also reported at 256 F.3d 548 (7th Cir. 2001)

In the
United States Court of Appeals
For the Seventh Circuit

No. 99-1815

ISI International, Inc.,

Plaintiff-Appellant,

v.

Borden Ladner Gervais LLP, successor to Scott & Aylen, *Defendant-Appellee.*

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.
No. 98 C 7614--**Suzanne B. Conlon**, Judge.

Argued May 18, 2001 - Decided July 2, 2001

Before Easterbrook, Manion, and Evans, *Circuit Judges.*

Easterbrook, *Circuit Judge.* Bert Reitsma, a physician living in Ontario, invented a device for draining surgical

wounds. He asked Yves Menard, a solicitor at Scott & Aylen (based in Ottawa) to incorporate a firm to exploit this invention. (Scott & Aylen and several other partnerships merged into Borden Ladner Gervais LLP after this suit began; for clarity we retain the "S&A" acronym.) Reitsma also engaged Max Wood, one of S&A's patent agents, to obtain patents for the invention. Wood hired a law firm based in Grand Rapids, Michigan, to prosecute a patent application in the United States. In 1995 Reitsma licensed the worldwide rights to make and sell the invention to ISI Surgical Instruments Canada, Ltd., an Ontario corporation, under a license specifying that disputes would be resolved by Ontario courts under Ontario law. The license did not transfer ownership of the patent applications. The next year ISI International, Inc., an Illinois corporation, acquired all of the shares in ISI Ontario, whose rights under the agreement with Reitsma soon were assigned to ISI International. Reitsma later attempted to end the license. Menard sent letters to ISI International's customers around the world, telling them on behalf of Reitsma that ISI International no longer had any rights in the invention and that to avoid liability for "damages suffered by our client as a result of [your] infringement of [his] patent" they must "cease and desist from dealing in any way with the said product except at the request of our client." This letter twice stated that Reitsma holds a patent on the device, yet S&A well knew that Reitsma had none. (He never received one, either; in September 1997 S&A arranged at Reitsma's request for the abandonment of all pending

applications.) One of these letters went to American Pharmaceutical Partners in California, which dropped ISI International like a hot potato. So did everyone else. Today its principal assets are lawsuits.

One of these, a counterclaim against Reitsma in litigation (No. 97 C 3827) that had been commenced by a recipient of S&A's cease-and-desist letter, led to a judgment in ISI International's favor for almost $290 million plus a declaration that the attempted license cancellation was ineffectual. Reitsma defaulted, but damages still had to be established. After the prove-up Judge Leinenweber wrote a 17-page opinion with extensive findings of fact. The court found that, by striking an agreement with Jokari /US, Inc., for use of a complementary product, Reitsma had disabled himself from unilaterally terminating the license. (Jokari, which has headquarters in Texas, became an investor in ISI International.) The judge also concluded that "shortly after the formation of ISI [International], Reitsma, using his position of trust and authority as an officer and director of ISI [International], embarked on a pattern of intentional criminal conduct to fraudulently convert and embezzle funds from ISI [International] for his personal use." The court found that Reitsma's dealings (through S&A) with the U.S. Patent and Trademark Office, and with ISI International's potential customers, were part of his scheme to defraud. Reitsma did not appeal, but neither did he comply.

The suit now before us is ISI International's second

principal asset. It is against S&A, which appears to be more solvent than Reitsma and certainly is more responsible; it has appeared and litigated in a civilized fashion. Although ISI International's complaint is windy and contains far too many "counts" (as if it were an indictment and each conviction on a separate count authorized additional punishment), it makes only two fundamental claims for relief. One is that S&A violated state and federal law by sending false and misleading letters to ISI International's business partners, causing them to cease dealing with ISI International. We call this the fraud claim. The principal state-law theory depends on the tort of intentional interference with contract (or with prospective economic advantage, for those potential customers that had not yet signed contracts); the federal-law theory depends on sec.43(a)(1)(B) of the Lanham Act, 15 U.S.C. sec.1125(a)(1)(B), which forbids making false or deceptive statements in connection with commercial activities in interstate commerce. ISI International's second claim is that S&A committed malpractice and breached fiduciary duties that it owed to ISI International or its subsidiary ISI Ontario. This claim (which we call the fiduciary claim) depends on establishing that S&A served as counsel to one or both of the firms, as opposed to Reitsma personally.

What S&A wants–and what the district court gave it– is the opportunity to litigate these claims in Canada rather than the United States. Observing that neither Menard nor Wood performed any of the questioned acts in Illinois, S&A contended that the courts of that state

lack personal jurisdiction over it. Because Fed.R.Civ.P. 4(k)(1)(A) links personal jurisdiction in federal cases to the jurisdiction of the state courts, if the state courts may not exercise jurisdiction then neither may the federal courts, on S&A's view, unless a federal statute authorizes nationwide (or worldwide) service of process—which the Lanham Act does not. The district court agreed with this submission, held that S&A lacks "minimum contacts" with the State of Illinois, and added that Illinois would not in any event exercise jurisdiction even if the Constitution permitted it. Illinois employs the fiduciary-shield doctrine, see *Rollins v. Ellwood*, 141 Ill.2d 244, 278, 565 N.E.2d 1302, 1314 (1990), under which a person who enters the state solely as fiduciary for another may not be sued in Illinois. S&A acted only as a fiduciary for Reitsma, the district court concluded, and therefore may not be sued in Illinois. (This conclusion effectively rejected the fiduciary claim on the merits, for if S&A never represented ISI International or ISI Ontario it had no fiduciary duties to them.) The district court added that even if Illinois could exercise personal jurisdiction over S&A, the suit still would be dismissed on the ground of *forum non conveniens*. Ottawa is a superior location for this litigation, the judge wrote.

The premise of the district court's opinion, and of the parties' appellate briefs, is that if the state courts in Illinois would not exercise personal jurisdiction over S&A, then federal courts may not do so. That premise is false. The due process clause protects persons from

being haled into a court unless they have "minimum contacts" with the sovereign that established that court. See *Asahi Metal Industry Co. v. Superior Court of California*, 480 U.S. 102 (1987); *Helicopteros Nacionales de Colombia, S.A. v. Hall*, 466 U.S. 408 (1984); *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286 (1980). The jurisdiction whose power federal courts exercise is the United States of America, not the State of Illinois. So far as the Constitution is concerned, the right question is whether S&A has contacts with the United States-- s it plainly does. No matter what one makes of the fiduciary claim (which if valid would link S&A to Illinois) or the fact that the letters sent to ISI International's business partners led to financial loss in Illinois (see *Janmark, Inc. v. Reidy*, 132 F.3d 1200 (7th Cir. 1997), a case that the district court did not mention), S&A cannot dodge the fact that it sent to California (using the United States Postal Service) a letter that had economic consequences in the United States. It engaged a law firm in Michigan; at S&A's instructions this firm first filed, and then abandoned, a patent application at the United States Patent and Trademark Office. Judge Leinenweber found that these acts caused multi-million-dollar losses in the United States. They expose S&A to the jurisdiction of the United States of America, which may exact sanctions if S&A's conduct violated the law. The threshold question thus is whether the federal court in Illinois has been authorized to exert the full power of the nation. Some federal statutes do this, and do so constitutionally. See, *e.g.*, *Sheet Metal Workers' National Pension Fund v. Elite Erectors, Inc.*, 212 F.3d 1031, 1035-36

(7th Cir. 2000) (collecting cases). The Lanham Act does not. But Fed.R.Civ.P. 4(k)(2) adds that in such situations:

> If the exercise of jurisdiction is consistent with the Constitution and laws of the United States, serving a summons or filing a waiver of service is also effective, with respect to claims arising under federal law, to establish personal jurisdiction over the person of any defendant who is not subject to the jurisdiction of the courts of general jurisdiction of any state.

This provision, added in 1993, responds to the Supreme Court's suggestion that the rules be extended to cover persons who do not reside in the United States, and have ample contacts with the nation as a whole, but whose contacts are so scattered among states that none of them would have jurisdiction. See *Omni Capital International v. Rudolf Wolff & Co.*, 484 U.S. 97, 111 (1987). See also Charles Alan Wright & Arthur R. Miller, 4A *Federal Practice and Procedure* sec.1124 (2000 pocket part). Thus if as S&A insists (and the district court held) S&A is not subject to the jurisdiction of state courts in Illinois, and *also* is "not subject to the jurisdiction of the courts of general jurisdiction of any state", then this suit may proceed, for jurisdiction in federal court is "consistent with" the Constitution and the Lanham Act.

Although the parties did not alert the district judge to Rule 4(k)(2), and ISI International did not rely on that rule in its appellate brief, it is best to excuse the

forfeiture. Federal courts are entitled to apply the right body of law, whether the parties name it or not. See *Kamen v. Kemper Financial Services, Inc.*, 500 U.S. 90, 99 (1991); *United States National Bank of Oregon v. Independent Insurance Agents of America, Inc.*, 508 U.S. 439, 445-48 (1993). What is more, federal courts are supposed to do what they can to avoid making constitutional decisions, and strive doubly to avoid making unnecessary constitutional decisions. S&A wants us to make a constitutional decision about the limits the due process clause of the fourteenth amendment imposes on state courts, and-- if we follow *Janmark* and hold that the Constitution would allow Illinois to entertain the suit--to rule that the Constitution of Illinois independently would preclude personal jurisdiction. Such decisions are hypothetical in federal cases, forced on courts by Rule 4(k)(1)(A) because it limits jurisdiction to what state courts would exercise. But the constitutional excursion can be avoided by using Rule 4(k)(2), which recognizes the greater powers of the United States as a whole.

Now one might read Rule 4(k)(2) to make matters worse by requiring 51 constitutional decisions: The court must first determine that the United States has power and then ensure that none of the 50 states does so. The constitutional analysis at the federal level is unavoidable but usually simple (as in this case). Constitutional analysis for each of the 50 states is eminently avoidable by allocating burdens sensibly. A defendant who wants to preclude use of Rule 4(k)(2) has only to name some

other state in which the suit could proceed. Naming a more appropriate state would amount to a consent to personal jurisdiction there (personal jurisdiction, unlike federal subject-matter jurisdiction, is waivable). If, however, the defendant contends that he cannot be sued in the forum state and refused to identify any other where suit is possible, ten the federal court is entitled to use Rule 4(k)(2). See *Central States Pension Fund v. Reimer Express World Corp.*, 230 F.3d 934, 940 (7th Cir. 2000). See also *United States v. Swiss American Bank, Ltd.*, 191 F.3d 30, 40-42 (1st Cir. 1999). This procedure makes it unnecessary to traipse through the 50 states, asking whether each could entertain the suit. (Employing Rule 4(k)(2) *also* enables us to avoid the questions whether S&A really was ISI International's lawyer and whether the fiduciary-shield doctrine used by Illinois applies to organizations, such as partnerships, or only to natural persons.)

ISI International did not rely on Rule 4(k)(2), but S&A's appellate lawyer was ready for the questions asked during the oral argument. When the court inquired whether S&A would be subject to personal jurisdiction in any other state (California, for example), counsel was noncommittal. More discovery would be needed, counsel suggested. But S&A does not need discovery to learn *its own acts*. Nor is it apparent how more facts could contribute to resolution of the question. S&A had it within its power to knock out Rule 4(k)(2) by agreeing that it is subject to personal jurisdiction in some other state. It proved unwilling to

do so. We therefore conclude that under Rule 4(k)(2) jurisdiction is proper in the United States District Court for the Northern District of Illinois.

The fiduciary-shield doctrine, as a creation of state law regulating the limits of process in their own courts, does not apply when jurisdiction rests on Rule 4(k)(2). Federal courts could create the doctrine as a matter of federal common law, but it would be unsound to do this. So S&A's able appellate lawyer conceded, and we think the concession prudent. Applied at the state level, the fiduciary-shield doctrine is a venue rule. It requires suit against a fiduciary to proceed in the fiduciary's home state. See *Hardin Roller Corp. v. Universal Printing Machinery, Inc.*, 236 F.3d 839 (7th Cir. 2001); *In re Mahurkar Double Lumen Hemodialysis Catheter Patent Litigation*, 750 F. Supp. 330 (N.D. Ill. 1990). State courts transfer venue to other states by dismissing the suit, which induces the plaintiff to file elsewhere. Federal courts, by contrast, transfer venue to district courts in other states expressly, using 28 U.S.C. sec.1404(a). When jurisdiction is based on Rule 4(k)(2), however, it is impossible (by definition) to send the litigation to another state. Even if (as we doubt) it would be within judicial authority to displace sec.1404(a) in his manner, the fiduciary-shield doctrine would remain a misfit. The only option would be to declare that no federal court in the United States could exercise jurisdiction, a step that would be at odds with Rule 4(k)(2). So we hold that, when personal jurisdiction rests on Rule 4(k)(2), there is no fiduciary-shield doctrine. Its legitimate function is

served by the doctrine of *forum non conveniens*, to which we turn.

The district court's discussion of this doctrine was cursory. The judge stated that S&A is amenable to suit in Ontario and added that because Ontario is "where the business transactions underlying the suit occurred, the action is more properly prosecuted in an Ontario court." Although the district judge cited *Piper Aircraft Co. v. Reyno*, 454 U.S. 235 (1981), and *Gulf Oil Corp. v. Gilbert*, 330 U.S. 501 (1947), the leading authorities on forum non conveniens in federal litigation, she did not employ the analysis required by those cases. Both *Gulf Oil* and *Piper Aircraft* state that there is a strong preference for conducting the litigation in the plaintiff's chosen forum, and that only rare circumstances make honoring this choice inequitable. "[U]nless the balance is strongly in favor of the defendant, the plaintiff's choice of forum should rarely be disturbed." *Gulf Oil*, 308 U.S. at 508. The only consideration articulated by the district court—that "the business transactions underlying the suit occurred" in Ontario, not only is not particularly compelling on the equitable scale but also is not true. Although S&A's acts were accomplished in Ontario, the "business transactions" are worldwide: ISI International of Illinois acquired ISI Ontario, took an assignment from a Dutch physician living in Ottawa who had a patent firm from Michigan working on the case, made a deal with a Texas corporation (Jokari) for cooperative production, and was negotiating to license worldwide. The tripartite Jokari-Reitsma-ISI Ontario agreement that

ISI International acquired was signed in Texas and contains a Texas choice-of- aw clause. The solicitors from Ontario sent letters to California (and some foreign nations) concerning these transactions. It may be that Ottawa remains the most sensible place to litigate, but we are not confident that the district judge has thought this through. Her invocation of *forum non conveniens* appears to be an afterthought in an order dominated by attention to personal jurisdiction.

Certainly many witnesses and documents can be found in Ottawa, though other witnesses and documents are located in California, Illinois, and Texas. The license between Reitsma and ISI Ontario contains forum-selection and choice-of-law clauses that make Ottawa the right place for litigation about the license–but neither the fraud claim nor the fiduciary claim rests on the license. Certainly the Lanham Act claim seems at home in a U.S. court. S&A points out that it has already initiated a declaratory-judgment action in Ottawa concerning its dispute with ISI International, making that a good forum, to which ISI International replies that it has already won $290 million and a declaratory judgment against Reitsma in the Northern District of Illinois, and it wonders why that forum is not suitable for related claims against S&A. ISI International adds that Ontario Rule of Civil Procedure 36.01 introduces a complication: compulsory process for conducting discovery depends on leave of the judge, while compulsory process in the United States is more mechanical. ISI International is concerned that if the

litigation proceeds in Ontario it may not be able to depose witnesses who live in the United States. Perhaps there is an answer to this concern, but it is not a subject that the district court considered. *Forum non conveniens* is a doctrine requiring the sound exercise of equitable discretion, and that discretion belongs to the district judge rather than to us. The best course, therefore, is to remand the case so that, fully cognizant of the competing interests, the district judge may exercise the discretion she possesses.

Vacated and Remanded

APPENDIX C

Order of the United States Court of Appeals for the Seventh Circuit - dated August 10, 2001

United States Court of Appeals

For the Seventh Circuit
Chicago, Illinois 60604

August 10, 2001

Before

Hon. Frank H. Easterbrook, Circuit Judge

Hon. Daniel A. Manion, Circuit Judge

Hon. Terence T. Evans, Circuit Judge

ISI International, Inc., United	)	Appeal from the
Plaintiff-Appellant,	)	States District Court
	)	for the Northern
No. 99-1815 v.	)	District of Illinois,
	)	Eastern Division.
Borden Ladner Gervais LLP,	)	
successor to Scot/t & Aylen,	)	No. 98 C 7614
Defendant-Appellee.	)	Suzanne B. Conlon,
	)	Judge.

Order

The original defendant in this case was Scott &

Aylen, a partnership. Our opinion named Borden Ladner Gervais, LLP, as the defendant in light of counsel's representation that Scott & Aylen had "merged" into Borden Ladner Gervais.

Borden Ladner Gervais now has asked us to restore Scott & Aylen as the defendant. According to a letter dated July 20, 2001, Scott & Aylen "continues to exist" despite the merger. The court then issued an order asking for details.

Borden Ladner Gervais's second letter, dated August 2, contends that Scott & Aylen's appellate brief erred in stating that the partnerships had merged. Instead, Borden Ladner Gervais asserts, it simply purchased assets of its predecessors and did not assume any of their potential liabilities. This letter also (though implicitly) admits that the first letter erred in stating that Scott & Aylen "continues to exist." A partnership dissolves automatically when all of the partners quit (and in some jurisdictions when any partner leaves). Borden Ladner Gervais informs us that Scott & Aylen's insurance continues to exist, and would be available to satisfy any judgment entered in this case, but an insurance policy differs from Scott & Aylen as an entity.

It is therefore impossible to restore Scott & Aylen as the defendant, as Borden Ladner Gervais requests. That partnership no longer exists. It might be possible to replace Borden Ladner Gervais with all of Scott & Aylen's former partners, as individuals, for partners are

jointly liable for a partnership's debts. Whether to take such a step should be left to the district court. Similarly it should be understood that our action in replacing Scott & Aylen with Borden Ladner Gervais as the defendant does not imply that Borden Ladner Gervais has assumed any of Scott & Aylen's liabilities. It serves for now only as a placeholder. If it wants to be dismissed, it should (a) demonstrate to the district judge's satisfaction that it did not assume Scott & Aylen's liabilities, and (b) ensure that all of Scott & Aylen's former partners are substituted as defendants.

APPENDIX D

MEMORANDUM OPINION AND ORDER of the United States District Court for the Northern District of Illinois, Eastern Division - dated October 30, 2001

IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS EASTERN DIVISION

ISI INTERNATIONAL, INC. Plaintiff,	)	No. 98 C 7614
v.	)	Suzanne B. Conlon,
BORDEN LADNER GERVAIS, LLP	)	Judge
Defendant.	)	

MEMORANDUM OPINION AND ORDER

ISI International, Inc. ("ISI") sues Borden Ladner Gervais, LLP ("Borden Ladner") for violations of the Lanham Act, 15 U.S.C. § *1051 et seq.* (Count I), common law unfair competition (Count II), tortious interference with contractual relations (Count III), and professional malpractice and breach of fiduciary duty (Count IV). Borden Ladner moves to dismiss the complaint under the doctrine of *forum non conveniens*, lack of personal jurisdiction under Fed.R.Civ.P. 12(b)(2), and failure to state a claim under Fed.R.Civ.P.12(b)(6). Borden Ladner seeks dismissal as a defendant and substitution of the former partners of Scott & Aylen (collectively "Scott & Aylen") under Fed.R.Civ.P. 21 and 25(c). In anticipation of substitution, Scott & Aylen moves to dismiss the

complaint on similar grounds. ISI responds to those motions, and alternatively moves to strike the motions on various procedural grounds under Fed.R.Civ.P. 12(f). Despite the excessive motion practice, resolution of all pending motions turns on whether this court is the proper forum under the doctrine *forum non conveniens*. Accordingly, that issue is addressed first.

BACKGROUND

For purposes of a motion to dismiss, the court accepts all well-pleaded allegations in the complaint as true and draws all reasonable inferences in favor of the plaintiff. *Travel All Over the World, Inc. v. Kingdom of Saudi Arabia*, 73 F.3d 1423, 1429 (7th Cir. 1996). ISI is an Illinois corporation with its principal place of business in Riverwoods, Illinois. Amended Complaint ("Compl.") at ¶ 1. Scott & Aylen was an Ontario partnership and law firm. *Id.* at ¶ 2. In June 1999, Scott & Aylen merged with another Ontario law firm, Borden & Elliot, to form Borden Elliot Scott & Aylen. In March 2000, Borden Elliot Scott & Aylen merged with several partnerships to form Borden Ladner. [1] *Id.* at¶¶ 3-6.

---

[1] Both Borden Ladner and the partners of Scott & Aylen move to dismiss on *forum non conveniens* grounds. The Seventh Circuit installed Borden Ladner as a "placeholder" until the proper defendant could be identified. A determination of the proper defendant is unnecessary. *See infra at* 10- 11. Thus, the court refers to Borden Ladner and Scott & Aylen interchangeably.

Dr. Bert Reitsma, a physician living in Ontario, invented the CombiVac, a device for draining surgical wounds. *Id.* at¶ 19. Reitsma contacted Yves Menard, a solicitor at Scott & Aylen, to incorporate a firm to exploit the invention. Reitsma also engaged Max Wood, a Scott & Aylen patent agent, to obtain patents for the invention. In turn, Wood hired a Michigan law firm to prosecute a patent application in the United States. In 1995, Reitsma licensed the worldwide rights to make and sell the invention to ISI Surgical Instruments Canada, Ltd. ("ISI Canada"), an Ontario corporation. Reitsma was the sole shareholder of ISI Canada, and served as its officer and director. *Id.* at ¶ 12. The license contained an Ontario choice of law and forum clause. However, the license did not transfer ownership of the pending patent applications. In 1996, ISI acquired ISI Canada. *Id.* at ¶ 13. ISI Canada's rights under the license agreement were assigned to ISI.

Shortly thereafter, Reitsma attempted to end the license. On behalf of Reitsma, Menard sent letters to ISI's worldwide customers informing them ISI rights in the invention were terminated. *Id.* at ¶¶ 44-46. To avoid liability, Wood advised ISI's customers it should cease using the product. *Id.* at ¶ 47. The letters claimed Reitsma held a patent on the device. However, ISI alleges Reitsma never held a patent for CombiVac. Indeed, ISI claims all patents were owned by ISI Canada. Reitsma entered into an agreement with Jokari/US, Inc. ("Jokari") and ISI Canada under which ISI Canada became the exclusive owner of CombiVac patents. *Id.* at ¶¶ 22-23, 35.

As a direct consequence of Scott & Aylen's letters, ISI alleges numerous customers terminated negotiations with ISI for manufacturing and distributing CombiVac. *Id.* at ¶¶ 61-64. Specifically, ISI identifies Medimade B.V. in The Netherlands and American Pharmaceutical Partners in California. *Id.* Meanwhile, Reitsma resigned from ISI. *Id.* at ¶ 34. Pursuant to the Jokari/Reitsma agreement, Reitsma was purportedly required to assign his rights in a pending U.S. patent application for CombiVac to ISI. When Reitsma refused, ISI's counsel requested Scott & Aylen transfer all CombiVac files to ISI's headquarters. *Id.* at ¶ 38. Scott & Aylen denied ISI's request. *Id.* at ¶ 39.

PROCEDURAL HISTORY

On November 25, 1998, ISI filed this suit against Scott & Aylen. This court dismissed the action for lack of personal jurisdiction and on *forum non conveniens* grounds. The Seventh Circuit vacated the dismissal order. The Court invoked Fed.R.Civ.P. 4(k)(2) *sua sponte* and held Scott & Aylen was subject to personal jurisdiction. *ISI Int'l v. Borden Ladner Gervais LLP,* 256 F.3d 548, 551 (7th Cir. 2001). However, the Court remanded for further analysis on whether this action should be dismissed on *forum non conveniens* grounds. The Court substituted Borden Ladner for Scott & Aylen because Scott & Aylen ceased to exist after the merger. The Court installed Borden Ladner as a "placeholder" until this court determined the proper party. On September 4, 2001, ISI filed its first amended complaint

identifying Borden Ladner as the sole defendant in this action.

In a related dispute, ISI was sued by Medimade B.V., a Dutch medical supply distributor, for defaulting on a note. *Medimade B. V. v. ISI International, Inc.*, No. 97 C 3827 (N.D. Ill. 1997) (Leinenweber, J.). In turn, ISI filed a third-party complaint against Reitsma seeking damages and a declaration that its license was valid. Reitsma never appeared or answered the complaint. The court entered a default judgment against Reitsma. Declaratory judgment was entered for ISI, as well as an award of $290 million in damages.

DISCUSSION

I. *Forum Non Conveniens*

The Seventh Circuit remanded for further analysis on whether this action should be dismissed under the doctrine of *forum non conveniens*. The court may dismiss a case on *forum non conveniens* grounds when it "best serves the convenience of the parties and the ends of justice." *Kamel v. Hill-Rom Company, Inc.*, 108 F.3d 799, 802 (7th Cir. 1997). An adequate alternative forum must be available. *Id.* In addition, the court must balance the private interests of the litigants and the public interests of the forum to determine the superior venue. *Golf Oil Corp. v. Gilbert*, 330 U.S. 501 (1947). The court has substantial flexibility in considering the relative importance of these factors. *Wilson v. Humphreys (Cayman) Ltd.*, 916 F.2d 1239, 1245 (7th Cir. 1990).

Dismissal is proper if the balance of conveniences suggests the chosen forum would be unnecessarily burdensome for the defendant or the court. *Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 256 (1981). The *forum, non Conveniens* determination is left to the "trial court's sound discretion." *Kamel*, 108 F.3d at 802

A. Adequacy of Alternative Forum

Borden Ladner contends Ontario is the superior forum for this case. An alternative forum is available if all parties are amenable to process and are within the forum's jurisdiction. *Kamel*, 108 F.3d at 803. In addition, an adequate forum mandates the parties will not be deprived of all remedies or treated unfairly. *Id.* Borden Ladner contends Ontario is an adequate forum because it recognizes the torts of intentional interference with contractual relations, breach of fiduciary duty, malicious falsehood, and professional negligence. Mot. Dismiss, Ex. 3 at ¶ 4. While ISI does not contest that assertion, ISI claims it will be prejudiced in an Ontario court because it cannot introduce non-party deposition testimony at trial. Ontario Rule of Civil Procedure 36.1 permits parties to introduce deposition testimony with leave of court or consent of the opposing party. *Id.* at ¶ 6-7. In response, Borden Ladner consents to the introduction of any relevant deposition testimony. *Id.* Thus, ISI's concern is moot. Similarly, Borden Ladner agrees to waive any statute of limitations defenses in an Ontario court. *See Interpane Coatings, Inc. v. Australia and New Zealand Banking Group*, 732 F. Supp. 909, 918 (N.D. Ill.

1990) (recognizing waiver of statute of limitations defense in *forum non conveniens* dismissal). Jurisdiction and service of process are not at issue. Scott & Aylen and ISI are presently engaged in litigation on related matters in an Ontario court. Mot. Dismiss, Ex. 3 at ¶ 4; *Mora v. McDonald's Corp.*, No. 96 C 5957, 1997 WL 102546 (N.D. Ill. Mar. 6, 1997) (current litigation in foreign venue between the parties satisfies *forum non conveniens* determination). Finally, this court has previously deemed Ontario an adequate alternative forum. *See Berndorf Belt,Sys. v. Asocona Food Group Ltd,* No. 98 C 1055, 1998 WL 851496 (N.D. Ill. Dec. 3, 1998). Consequently, Ontario is an adequate alternative forum for this action.

B. Public Interest Factors

In balancing the public interest factors, a court should consider: (1) its own docket congestion; (2) local interest in resolving the controversy; and (3) the preference for a forum applying familiar law. *Piper,* 454 U.S. at 241 n.6. Ontario law predominates in this case. It is undisputed ISI's malpractice and contractual claims are governed by Ontario law. ISI's allegations of interference with contract revolve around the license agreement. That license agreement covers "any surgical would drainage system that is within the scope of an existing claim" in the original patent application and "all divisions and reissues thereof." *Id.* at ¶ 1. The agreement expressly selects Ontario law as the governing law. Mot. Dismiss, Ex. 3 at ¶ 12.5. In addition, the nature

and scope of Scott & Aylen's alleged malpractice is governed by the code of professional conduct of the Law Society of Upper Canada. Mot. Dismiss, Ex. 4 at ¶¶ 13-16. ISI responds by arguing that application of Ontario law is not complicated. The unsupported assertion is unavailing. To ensure a correct application of Ontario law, this court should not "delve into the tenets of an unfamiliar legal system." *Kamel,* 108 F.3d at 805.

While the Seventh Circuit indicated the Lanham Act claim "seems at home in a U.S. court," the need to apply unfamiliar foreign law outweighs the court's interest in one claim. *See Wells Fargo & Co. v. Wells Fargo Express Co.*, 556 F.2d 406, 431 (9th Cir. 1977) (Lanham Act claims subject to, *forum non conveniens* dismissal). The costs involved in hiring experts on Ontario law would be substantial. This court would need to expend considerable resources analyzing applicable Ontario contract and professional malpractice law. *See Kamel,* 108 F.3d at 802. In contrast, an Ontario court - indisputably an expert in Ontario law - would not face a comparable burden. On familiar ground, an Ontario court could bring this case to a speedier resolution. Indeed, Ontario courts presently move cases through their docket at a statistically faster rate. *See* Judicial Caseload Profile, Report to the Administrative Office of the U.S. Courts (2000) (average time from docketing to trial in the Northern District of Illinois: 27 months); Mot. Dismiss, Ex. 3 at ¶ 5 (average time from docketing to trial in Ontario: 21 months).

Ontario has a superior interest in this dispute. The

crux of this case involves the conduct of an Ontario law firm and its partners. Ontario has a strong interest in regulating and disciplining purported misconduct committed by Ontario attorneys. In addition, the license dispute is a localized controversy. The forum selection clause in the license agreement points to Ontario as the chosen forum. Mot. Dismiss, Ex. 3-3 at ¶ 12.5. The agreement was signed in Ontario between Ontario residents - ISI Canada and Reitsma. The transaction was facilitated by an Ontario law firm. In support of ISI's position, the Seventh Circuit noted the Jokari/Reitsma agreement had a Texas choice of law clause. *ISI Int'l.*, 356 F.3d at 553. However, a plain reading of the Jokari/Reitsma agreement does not disclose any choice of law clause. *See* Compl., Ex. D; Mot. Dismiss, Ex. 3. Nor does ISI advance that assertion before this court.

Futhermore, Canada has a greater interest in "policing the fraudulent activities of its own corporations[.]" *Pyrenee,* 984 F. Supp. at 1167. Scott & Aylen purportedly revoked licenses on patents its client did not possess. Although "[c]itizens or residents deserve more deference than foreign plaintiffs," *Piper,* 454 U.S. at 256, the Seventh Circuit recently instructed "given the ever-expanding realm of international commerce, many courts have discounted a plaintiff's United States citizenship when that plaintiff is an American corporation with extensive foreign business[.]" *Kamel,* 108 F.3d at 804. Significantly, ISI purportedly engaged a Canadian law firm to secure patents and licenses for its business transactions

worldwide. *See Hull 753 Corp v. Elle Flugzeugwerke.*, 58 F.Supp.2d 925, 929 (N.D. Ill. 1999) (applying the *Kamel* rationale to an Illinois corporation). Indeed, ISI's rights in the patent were originally assigned to an Ontario firm - ISI Canada - and then reassigned to ISI in Illinois. *See Pain v. United Tech. Corp.*, 637 F.2d 775, 797 (D.C. Cir. 1980) (deference to an assignees' forum choice diminished). Under these facts, Canada's concrete interests in the dispute outweigh any deference to ISI's choice of forum as the plaintiff. Consequently, the public interest factors favor resolution of this case in Ontario.

C. Private Interest Factors

Private interests include ease of access to proof; availability of compulsory process for unwilling witnesses; costs involved in compelling witnesses at trial; and other practical problems. *Gulf Oil*, 350 U.S. at 508. This court's inability to compel live testimony of key witnesses favors a finding of *forum non conveniens*. Reitsma and Wood are non-party Ontario residents who are beyond this court's power of compulsory process. *Pyrenee*, 984 F. Supp. at 1165. Reitsma is accused of engineering the scheme to defraud ISI's customers. In fraud cases, "live testimony is of utmost importance." *Pyrenee*, 984 F. Supp. at 1166. The factfinder should have the benefit of assessing the demeanor of witnesses at trial. *Europe & Overseas Commodity Traders S.A. v. Banque Paribas London*, 940 F. Supp. 528, 538 (S.D.N.Y. 1996); *Fustok v. Banque Populaire Suisse*, 546 F.Supp. 506,

511 (S.D.N.Y. 1982). In addition, the parties dispute whether Scott & Aylen represented Reitsma individually or ISI. Reitsma's testimony about his transactions with Scott & Aylen is critical to that determination. Wood's testimony about his representation of Reitsma or ISI is important to establish the breach of fiduciary duty claim. Significantly, Reitsma has already demonstrated his unwillingness to appear in Illinois. ISI instituted an action in this court against Reitsma. Reitsma did not answer the complaint or appear, but rather defaulted a $290 million claim. ISI advances nothing to suggest Reitsma would now appear.

As the plaintiff, ISI has an interest in cross-examining Reitsma before the factfinder. Nevertheless, ISI contends several of its witnesses would be unavailable in Canada, prejudicing the presentation of its case. ISI identifies American Pharmaceutical Partners (California) and Medimade B.V. (Netherlands). This court cannot compel out-of-state non-party witnesses to testify in Illinois. *See* Fed. R. Civ. P. 45(b)(2), 45(c)(3); *American General Assurance Co. v. Terry Miller Pontiac-GMC Truck, Inc.*, No. 98 C 7887, 1999 WL 436573, at *2 (N.D. Ill. June 22, 1999). Thus, ISI's concern is immaterial.

Relying on ISI's previous lawsuit in this court, the Seventh Circuit hypothecated Illinois could be an adequate forum. ISI Int'l., 256 F.3d at 553. However, the earlier lawsuit resulted in a default judgment. Default judgments are disfavored mechanisms for adjudicating cases. *Bieganek v. Taylor*, 801 F.2d 879, 881 (7th Cir. 1986). Indisputably, Reitsma's appearance in that action

would have been preferable. Similarly, the strong likelihood Reistma would fail to appear again favors resolution of this dispute in an Ontario court that could compel his appearance. Nor did the court in the previous lawsuit have the benefit of a *forum non conveniens* analysis because Reitsma never defended the action. *Piper,* 454 U.S. at 254 n.22 (defendant bears the burden of establishing *forum non conveniens).*

Finally, Borden Ladner faces the loss of its insurance coverage if this case proceeds in the United States. Borden Ladner's insurance coverage applies to actions filed in Canada only. Substantial prejudice to Borden Ladner adds additional weight to the conclusion that Ontario is the more appropriate forum for this dispute.

II. Motions to Dismiss and Strike

Borden Ladner and Scott & Aylen move to dismiss the actionfor lack of personal jurisdiction and failure to state a claim. *See* Fed.R.Civ.P. 12(b)(2); 12(b)(6). Because dismissal is warranted under *forum non conveniens,* the motions to dismiss are moot. Borden Ladner moves to substitute the former partners of Scott & Aylen as the proper defendants. Borden Ladner's liability for Scott & Aylen's conduct should be determined by an Ontario court. The transfer agreement between Borden Ladner and Scott & Aylen is governed by Ontario law. Mot. Dismiss, Ex. 4 at ¶ 3.7. An amendment to that agreement purportedly absolves Borden Ladner of liability for the instant dispute. *Id.* Whether that amendment is valid or

exempts Borden Ladner from liability under Ontario contract law are properly questions for an Ontario court. Indeed, the parties' dispute over the proper defendant under Ontario law reinforces the conclusion that Ontario is the superior forum for this action. Accordingly, the motion to dismiss Borden Ladner and substitute the partners of Scott & Aylen as defendants is moot. Finally, ISI brings a host of motions to strike Borden Ladner and Scott & Aylen's submissions. For similar reasons, these motions are moot.

CONLUSION

The motion to dismiss on *forum non conveniens* grounds is granted. The motions to dismiss for lack of personal jurisdiction and failure to state a claim; to dismiss and substitute the former partners of Scott & Aylen as defendants; and ISI's motions to strike Borden Ladner and Scott & Aylen's motions are denied as moot.

October 30, 2001

ENTER

/S/—Suzanne B. Conlon

Suzanne B. Conlon

United States District Judge

APPENDIX E

ORDER of the United States Court of Appeals for the Seventh Circuit - dated January 4, 2002

United States Court of Appeals

For the Seventh Circuit
Chicago, Illinois 60604

Submitted January 3, 2002
Decided January 4, 2002

Before

Hon. Frank H. Easterbrook, *Circuit Judge*

Hon. Daniel A. Manion, *Circuit Judge*

Hon. Terence T. Evans, *Circuit Judge*

ISI INTERNATIONAL, INCORPORATED an Illinois Corporation, Plaintiff-Appellant,	)	Appeal from the United States District Court for the Northern District of Illinois, Eastern Division. No. 98 C 7614 Suzanne B. Conlon, Judge
No. 01-3972 v.		
BORDEN LADNER GERVAIS LLP, successor to Scott & Aylen, Defendant-Appellee.		

ORDER

The following are before the court:

1. **SCOTT & AYLEN'S MOTION FOR LEAVE TO INTERVENE AS AN APPELLEE ON APPEAL,** filed on December 17, 2001, by counsel for the proposed intervenor.

2. **MEMORANDUM OF DEFENDANT-APPELLEE BORDEN LADNER GERVAIS LLP IN SUPPORT OF SCOTT & AYLEN'S MOTION FOR LEAVE TO INTERVENE,** filed on December 18, 2001, by counsel for the appellee.

3. **ISI INTERNATIONAL'S RESPONSE TO THE MOTION OF SCOTT & AYLEN FOR LEAVE TO INTERVENE ON APPEAL,** filed on December 27, 2001, by counsel for appellant.

4. **JOINT MOTION OF ALL PARTIES TO MAINTAIN RESTRICTED STATUS OF DOCUMENTS FILED UNDER SEAL,** filed on December 20, 2001, by counsel for the appellant, the appellee, and the proposed intervenor.

5. **SCOTT & AYLEN'S REPLY IN FURTHER SUPPORT OF MOTION FOR LEAVE TO INTERVENE AS APPELLEE ON APPEAL,** filed on January 3, 2002, by counsel for the proposed intervenor.

6. **SCOTT & AYLEN'S MOTION FOR LEAVE TO FILE EXHIBITS UNDER SEAL,** filed on January 3, 2002, by counsel for the proposed intervenor.

7. **REPLY OF DEFENDANT-APPELLEE BORDEN LADNER GERVAIS LLP TO ISI INTERNATIONAL'S RESPONSE TO SCOTT & AYLEN'S MOTION FOR LEAVE TO INTERVENE,** filed on January 4, 2002, by counsel for the appellee.

8. **ISI INTERNATIONAL'S CONSENT TO THE FILING OF A REPLY BRIEF BY BORDEN LADNER GERVAIS,``` LLP. WITH RESPECT TO THE MOTION BY SCOTT & AYLEN, AND WAIVER OF ANY OBJECTION TO THE FILING OF THAT REPLY BRIEF OUT OF TIME,** filed on January 4, 2002, by counsel for the appellant.

IT IS ORDERED that the district court's final order is summarily **VACATED,** and this cause is **REMANDED** to the district court with instructions to determine who is the proper defendant and to enter an order binding the proper party. The clerk of this court shall return the record on appeal to the district court; therefore, the motion to maintain the documents under seal is unnecessary. The mandate in this appeal shall issue forthwith.

APPENDIX F

MEMORANDUM OPINION AND ORDER of the United States District Court for the Northern District of Illinois, Eastern Division - dated February 14, 2002

IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS EASTERN DIVISION

ISI INTERNATIONAL, INC.	)	
Plaintiff,	)	No. 98 C 7614
v.	)	Suzanne B. Conlon,
BORDEN LADNER GERVAIS,	)	Judge
LLP	)	
Defendant.	)	

MEMORANDUM OPINION AND ORDER

ISI International, Inc. ("ISI") sued Scott & Aylen for violatioins of the Lanham Act, 15 U.S.C. § 1051 *et seq.* (Count I), common law unfair competition (Count II), tortious interference with contractual relations (Count III), and professional malpractice and breach of fiduciary duty (Count IV). On March 3, 1999, this court dismissed the action for lack of personal jurisdicion and *forum non conveniens*. The Seventh Circuit vacated that order and remanded for additional findings on the *forum non conveniens* issue. The Seventh Circuit instructed this court to determine the proper defendant, and installed Borden Ladner Gervais, LLP ("Borden Ladner") as a "placeholder" defendant. Shortly

thereafter, ISI amended its complaint and sued Borden Ladner only. Consequently, this court concluded a determination of the proper defendant was unnecessary. This court dismissed the action on *forum non conveniens* grounds. *ISI Int'l v. Borden Ladner Gervais LLP*, No. 98 C 7614, 2001 WL 1382572 (N.D.Ill. Oct. 30, 2001). The Seventh Circuit vacated that order, and directed this court to first determine whether Scott & Aylen's former partners or Borden Ladner are the proper defendants in this action. ISI was granted limited discovery on this issue. Borden Ladner now moves to dismiss and substitute Scott & Aylen's former partners as defendants.

DISCUSSION

Fed.R.Civ.P.25© provides that in the event of a transfer of interest, the court may direct the transferee to be substituted in the action or joined with the original party. A transfer of interest includes a corporate acquisition where the original party no longes exists and a new entity has unreservedly assumed its rights and obligations. *Moore's Federal Practice 3d*, § 25.30. "Rule 25 does not substantively determine what actions survive the transfer of interest; rather, it provides substitution procedures for an action that does survive." *ELCA Enters. Inc. v. Sisco Equip. Rental & Sales, Inc.*, 53 F.3d 186, 191 (8th Cir. 1985). Substitution of parties under Rule 25(c) is in the court's discretion. *Otis Clapp & Son, Inc. v. Filmore Vitamin Co.*, 754 F.3d 738, 742 (7th Cir. 1985); *Chicago Dist. Council of Carpenters Pens. Fd. v.*

Artistry Woodworking, Inc., No. 92 2069, 1997 WL 12794, at *2 (N.D.Ill. Jan. 10, 1997).

The Seventh Circuit directed this court to determine whether Borden Ladner assumed Scott & Aylen's liabilities. Rule 25(c) provides the procedural mechanism for substitution; Ontario law controls whether Borden Ladner assumed Scott & Aylen's liabilities. *See* Advisory Comm. Notes (1961) to Fed.R.Civ.P.25 (stating that Rule 25 is "merely a procedural device . . . and does not affect any substantive issues which may be involved in the action"); *see also Panther Pumps & Equip. Co., Inc. v. Hydrocraft, Inc.*, 566 F.2d 8, 24 (7th Cir. 1977); 28 U.S.C. § 2072 (the Rules Enabling Act); Wright, Miller & Kane, *Federal Practice and Procedure 2d*, § 1958, p. 554.

This case involves two Ontario law firms - Borden Ladner and Scott & Aylen. Scott & Aylen changed its name on June 15, 1999 to Borden Elliot Scott & Aylen ("Borden Elliot"). Mot. Dismiss, Ex. 4, Weir Decl. at ¶ 4. Borden Elliot now exists as a separate legal entity in Ontario, registered as a general partnership under Canadian law. Mot. Dismiss, Ex. 5, Keith Decl. at ¶¶ 6-7. On February 29, 2000, Borden Elliot and Borden Ladner executed a transfer agreement whereby Borden Ellilot entered into partnership with Borden Ladner. The transfer agreement provides that Borden Ladner will assume all Borden Elliot liabilities listed in a February 29, 2000 audited financial statement. The audited financial statement identifies the ISI litigation as one of several liabilities. Further, the transfer agreement contains an express choice of law provision identifying

Ontario law as the governing law. Mot. Dismiss, Ex. 4., art. 3.7. On March 1, 2000, Borden Ladner and Borden Elliot executed a letter agreement that states Borden Ladner is not liable for legal claims arising before March 1, 2000. Borden Ladner relies on this letter agreement to substitute Scott & Aylen's former partners or Borden Elliot as defendants.

The validity and enforceability of the March 1, 2000 letter agreement involves complex questions of Ontario contract, partnership, and successor liability law. Borden Ladner contends a February 29, 2000 oral agreement between the two firms constitutes a collateral oral agreement that established a condition precedent to the transfer agreement. *See* Mot. Dismiss, Ex. A, Weir Decl. at ¶ 9; Reply Br., Ex. 1, Baker Decl. at ¶¶ 6-7. Borden Ladner further contends Ontario law allows the enforcement of a condition precedent oral agreement in the absence of an "integrated writing" provision in the contract. Reply Br., Ex. 1, Baker Decl. at ¶ 7. Because the transfer agreement does not contain an integrated writing clause, Borden Ladner argues the March 1, 2000 letter agreement is a valid memorialization of the February 29, 2000 oral agreement. ISI fails to submit its own declarations of Ontario legal experts to refute Borden Ladner's assertions. However, Borden Ladner did not address the legal effect of the March 1, 2000 letter agreement until its reply brief, when it submitted the declaration of Ontario lawyer G. Blaine Baker. *See* Reply Br., Ex. 1, Baker Decl. at ¶¶ 6-7. Previously, Borden Ladner rested on the plain language of the letter agreement to substitute Borden Elliot in this action. In

addition, Borden Elliot's liability for ISI's claims is governed by Ontario partnership law. Borden Ladner submits the declaration of Ontario lawyer Brian C. Keith, who contends under Ontario's Partnership Act § 10(1), "every partner in a firm is liable jointly with the other partners for all debts and obligations of the firm incurred while the person is a partner." Mot. Dismiss, Ex. 5, Keith Dec. at ¶ 8. The Partnership Act § 18(2) further provides: "A person who retires from a firm does not thereby cease to be liable for partnership debts or obligations incurred before the partner's retirement." *Id.* at ¶¶ 8-9. Under Ontario law, Borden Ladner argues it cannot be liable for debts created before the Borden Ladner-Borden Elliot partnership was formed.

ISI fails to address Ontario partnership law. Instead, ISI adopts a different analysis by contending Borden Ladner is the successor in interest to Borden Elliot. While courts have applied successor liability law to determine the proper defendant under Fed. R. Civ. P. 25(c), successor liability is a matter of state substantive law. In this case, successor liability is a question of Ontario law. *See e.g. LiButti v. United States*, 178 F.3d 114, (2d Cir. 1999)(under New Jersey law, transferee is liable where it agrees to assume transferor's debts); *see also Herra v. Singh*, 118 F.Supp.2d 1120 (E.D. Wa. 2000); *Moore's Federal Practice 3d*, § 25.30(3). Neither party addresses Ontario's successor liability law.

Under Rule 25(c), the court has discretion to add Borden Elliot as a defendant but retain Borden Ladner as a party. *See Moore's Federal Practice 3d*, § 25.30(4); Wright, Miller & Kane, *Federal Practice and Procedure 2d*,

§ 1958, p. 555. In *Minnesota Mining & Mfg. Co. v. Eco-Chem, Inc.*, 757 F.2d 1256, 1259 (Fed. Cir. 1985), the court permitted joinder of a new defendant, "not to determine its own liability, but merely because it succeeded to the assets from which [defendant] may satisfy its judgment." *Minnesota Mining* did not determine the defendant's ultimate liability for the action, but permitted joinder to facilitate litigation and convenience. Similarly, in *Federal Deposit Insurance Corp. v. Tisch*, 89 F.R.D. 446, 448 (E.D.N.Y. 1981), the court held joinder of a trustee was preferable to substitution because participation of both defendants was the most efficient method to insure all issues would be fully litigated. Moreover, in *Otis Clapp & Son*, 754 F.3d at 742, the Seventh Circuit affirmed the trial court's denial of joinder under Rule 25© where the defendant may have transferred interest to another party. The Court noted plaintiff could renew its substitution motion in proceedings to enforce judgment, and chose not to disturb the trial court's exercise of discretion. *Otis Clapp & Son*, 754 F.2d at 742-43.

Minnesota Mining, *Tisch*, and *Otis Clapp* are instructive. At present, the most efficient resolution of the dispute over the proper defendant is the joinder of Borden Ladner and Borden Elliot as defendants. This court previously determined ISI's action must be dismissed under *forum non conveniens*. *ISI Int'l*, 2001 WL 1382572, at *5. Consistent with that result, the court hesitates to delve into complex issues of Ontario contract, partnership, and successor liability law that are more appropriately resolved by an Ontario court.

Further, this court declines to make findings of fact and conclusions of law on Borden Ladner's liability under Ontario law that could later bind an Ontario court under principles of comity or *res judicata*. *See e.g. Allendale Mutual Ins. Co. v. Bull Data Sys.*, Inc. 10 F.3d 435, 433 (7th Cir. 1993); *Praxair, Inc. v. Slifka*, No. 98 C 7270, 1999 WL 498604 at *8 (N.D.Ill. July 7, 1999). Indeed, Borden Ladner's purported assumption of liability for Borden Elliot's actions involves a determination of an ultimate issue in this case. Faced with a sparse record consisting of several declarations from Ontario lawyers and no authority from ISI, the court cannot make an informed decision on complex issues of Ontario law. *See Centillon Data Sys., Inc. v. American Mgmt. Sys. Inc.*, 200 F.R.D. 618, 619 (S.D.Ind. 2001) (denying substitution motion where movant failed to properly demonstrate a transfer in interest occurred). And to further develop the record through an evidentiary hearing would result in a trial on the merits. *See Alfadda v. Fenn*, No. 89 C 6217, 1993 WL 526065, at *3 (S.D.N.Y. Dec. 16, 1993) (declining to hold an evidentiary hearing on a Rule 25© motion because it would "foreshadow the actual trial" on liability; permitting joinder of parties instead); *accord Luxliner P. L. Export Co. v. RDI/Luxliner, Inc.*, 13 F.3d 69, 72 (3d Cir. 1993) (factual disputes in a Rule 25 © substitution motion cannot be determined by weighing affidavits, courts should utilize a Rule 56 summary judgment standard). Because Ontario is the appropriate forum for this action, an evidentiary hearing by an Illinois court applying Ontario law would not be a sound exercise of judicial discretion.

Significantly, a determination on Borden Ladner's liability for the ISI litigation is unnecessary to identify the proper defendants under Fed. R. Civ. P. 25(c). "Joinder or substitution under Rule 25© is entirely a matter of convenience, and regardless of whether either is ordered, the respective substantive rights of the transferor or transferee are not affected." *Alfadda*, 1993 WL 526065, at *4 (quoting *Moore's Federal Practice 2d* § 25.08). Indeed, the court may join a defendant because it owns the assets that could be used to satisfy judgement. *Minnesota Mining*, 757 F.2d at 1263 (joining defendant that did not exist when the alleged conduct took place). Under the transfer agreement, Borden Ladner owns Borden Elliot's current "assets, interests, property, and undertakings." Mot. Dismiss, Ex. 4, Weir Decl. at ¶¶ 4-5; *see also Wainwright v. Kraftco Corp.*, 58 F.R.D. 9, 13 (N.D.Ga. 1973) (permitting joinder under Rule 25© where new defendant could be liable because it purchased assets of current defendant). Thus, joinder of Borden Ladner and Borden Eliot would facilitate resolution of this action. *See also Television Reception Corp. v. Dunbar*, 426 F.2d 174 (6th Cir. 1970); *Select Creations, Inc. v. Paliafito America, Inc.*, 852 F.Supp. 740, 768 n. 40 (E.D.Wis. 1994).

As a matter of law, the court cannot conclude Borden Ladner absolved itself of liability for the ISI litigation under Ontario law. Borden Elliot and Borden Ladner exist as separate partnerships under Canadian law. Borden Ladner and Borden Elliot are engaged in their own partnership arrangement pursuant to the February 29, 2000 transfer agreement. Borden Elliot is

comprised of Scott & Aylen's former partners. *See* Resp. Br., Ex. C (listing Borden Elliot and Borden Ladner partners); Ex. D, Partnership Agmt., at art. 4.3. And Borden Ladner's partners are identical to Borden Elliot partners. For present purposes, Borden Ladner and Borden Elliot must be joined as the proper defendants in this action. In the alternative, Borden Ladner moves to dismiss on *forum non conveniens* grounds. In remanding the action to this court, the Seventh Circuit did not address the court's order dismissing this action under *forum non conveniens*. The present dispute over the proper defendant reinforces the conclusion that ISI's action belongs in Ontario, not Illinois. The court dismisses this action under *forum non conveniens* for the reasons set forth in the October 30, 2001 memorandum opinion and order.1

CONCLUSION

Borden Ladner's motion to substitute defendants is denied. Pursuant to Fed.R.Civ.P.25(c), Borden Ladner and Borden Elliot are joined as the proper defendants in this action. Borden Ladner's motion to dismiss under *forum non conveniens* is granted for the reasons set forth in the October 30, 2001 memorandum opinion and order.

---

1 Borden Ladner's motion to dismiss for lack of personal jurisdiction under Fed.R.Civ.P. 12(b)(2) is moot.

February 14, 2002

ENTER:
–/S/–Suzanne B. Conlon
Suzanne B. Conlon
United States District Judge

APPENDIX G

Order of the United States Court of Appeals for the Seventh Circuit - dated January 21, 2003

In the
United States Court of Appeals
For the Seventh Circuit

No. 02-1564

ISI INTERNATIONAL, INC.,

Plaintiff-Appellant,

v.

BORDEN LADNER GERVAIS LLP and
BORDEN, ELLIOT, SCOTT & AYLEN

Defendants-Appellees.

Appeal from the United States District Court
for the Northern District of Illinois, Eastern Division.
No. 98 C 7614—**Suzanne B. Conlon**, *Judge*.

Argued December 3, 2002-Decided January 21, 2003

Before EASTERBROOK, MANION, and EVANS, *Circuit Judges*.

EASTERBROOK, *Circuit Judge*. The first time this case was here, we reversed the district court's decision that it lacked personal jurisdiction over the defendant, a

Canadian law firm, and remanded so that the judge could evaluate other arguments. See *ISI International, Inc. v. Borden Ladner Gervais LLP*, 256 F.3d 548 (7th Cir. 2001). The district judge then dismissed the case a second time, invoking the doctrine of *forum non conveniens* and relegating plaintiff to the Canadian forum (where the law firm has already filed an action to keep the dispute warm). The judge determined that the balance of convenience tips so strongly in Canada's favor that it overcomes the strong presumption in favor of honoring the plaintiff's choice of forum. See *Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 255 (1981); *Gulf Oil Corp. v. Gilbert*, 330 U.S. 501, 508 (1947). Appellate review of this decision is deferential.

Only a brief recap is necessary, given our earlier opinion. Bert Reitsma, a Dutch national living in Canada, invented a medical device that he licensed to ISI Surgical Instruments Canada, Ltd. (incorporated in Ontario). ISI Canada was acquired by ISI International (incorporated and with headquarters in Illinois) in order to combine Reitsma's invention with an innovation owned by Jokari/US, Inc. (a Texas corporation). Reitsma had a falling out with other principals of ISI International and asked Scott & Aylen, a partnership of solicitors based in Ottawa, to withdraw pending patent applications and warn ISI International's customers that it lacked any rights to Reitsma's invention. Scott & Aylen did so, and ISI International's business crumpled. It sued Reitsma, who was ordered to pay $ 290 million in damages; the judgment also confirmed that ISI

International, not Reitsma, owns the intellectual property. (It reinstated the patent applications and since our last decision has received a U.S. patent on Reitsma's invention.) In this suit, begun against Scott & Aylen and continued against its successors, ISI International contends that Scott & Aylen violated not only U.S. trademark law but also fiduciary duties that the law firm owed to ISI International as a client. Scott & Aylen replies that ISI International was never its client and that it owed ISI International no duty of loyalty.

The district judge concluded that the suit should proceed in Ontario not only because more potential witnesses are located in Canada than the United States but also because a Canadian court best knows the Canadian law of lawyer-client relations. Neither of these reasons is strong. Travel between Ontario and Illinois requires only a short and inexpensive journey; Ottawa is closer to Chicago than is New York City. Moreover, the district judge's need to learn Canadian fiduciary law has a mirror image: if the suit proceeds in Canada, the Canadian judge may need to learn and apply the U.S. rules under the Lanham Act, which supplied the basis of federal jurisdiction. The Canadian law of attorney-client relations is hardly such an alien body of doctrine that only a judge steeped in its tradition could fathom its tenets. Nor is a U.S. judge's desire to avoid the burden of mastering a new legal subject an adequate reason to send litigants packing. And although procedure in Canada departs in some respects from that in the United States, so there is a chance that some evidence

admissible here would be inadmissible there, this also is a mirror image--not only with respect to admissibility questions but also with respect to compulsory process (some witnesses who could be compelled to appear in the United States could not be compelled to give live testimony in Canada, and the reverse). None of these considerations so strongly supports the Canadian venue that the plaintiff's choice must be overridden.

Nonetheless, two additional considerations lead us to conclude that the district court did not abuse its discretion in relegating ISI International to the Canadian forum. First, Scott & Aylen no longer exists. It was succeeded as part of a merger by Borden Elliot Scott & Aylen, and although this partnership continues to exist all of its partners practice through Borden Ladner Gervais LLP, the survivor. The parties dispute which among the entities, and who among the individual partners, is liable for Scott & Aylen's debts. The district judge was unable to resolve this question, the parties have not reached agreement on it, and an Ontario court may have to do so no matter what, if an effort is made to collect in Ontario any eventual judgment. If this aspect of the parties' dispute is going to land in Ontario no matter what, why not handle the whole suit there?

Second, and more important, the Lanham Act claim that justified the presence of this case in federal court turns out to be untenable. ISI International contends that Scott & Aylen violated §43(a)(1)(B), 15 U.S.C. §1125(a)(1)(B), by sending letters misleadingly asserting

that ISI International lacks any right to license or practice Reitsma's invention and falsely asserting that Reitsma himself had a patent. (Scott & Aylen concedes knowing that Reitsma never obtained a patent in his own name, although it represented otherwise in the letters sent to ISI International's clients.) After our first decision in this case, *First Health Group Corp. v. BCE Emergis Corp.*, 269 F.3d 800 (7th Cir. 2001), held that letters sent to customers do not come within the scope of §43(a)(1)(B)—which is limited to false or misleading "commercial advertising or promotion" and does not cover all deceitful business practices. Recognition that ISI International's Lanham Act claim fails on the merits does not deprive the district court of jurisdiction, for the claim was not frivolous, see *Bell v. Hood*, 327 U.S. 678 (1946), but it does deprive ISI International of any substantial interest in having the remainder of the suit resolved in federal court. Indeed, even if we were to declare that the district court abused its discretion by using the doctrine of *forum non conveniens*, that court would be free to relinquish supplemental jurisdiction now that the claim under federal law has been resolved, see 28 U.S.C. §1367(c)(3), a step that would have the same practical effect as the use of *forum non conveniens*. (One of Scott & Aylen's partners is a U.S. citizen domiciled in Canada; she has no state citizenship, so the diversity jurisdiction is unavailable. See *Newman-Green, Inc. v. Alfonzo-Larrain*, 490 U.S. 826, 829 (1989).)

Because no claim under U.S. federal law remains in the case, and the parties are not of diverse citizenship,

the most appropriate place for this litigation is Ontario (for, as the first appeal showed, it could be difficult to obtain personal jurisdiction over Scott & Aylen or its successors in any state court). Accordingly, the judgment of the district court is

AFFIRMED.

A true Copy:

Teste: _____

Clerk of the United States Court of Appeals for the Seventh Circuit

APPENDIX H

Letter from Scott & Aylen to American Pharmaceuticals Partners, Inc. - dated January 24, 1997 (Exhibit 25 to the Affidavit of Johannes A. Aschman)

[Scott & Aylen Letterhead]

BY FACSIMILE: (310) 264-7775

January 24, 2997

American Pharmaceuticals Partners, Inc.
3212 Newbraska Avenue
SANTA MONICA, CA
90404 U.S.A.

Attention: Dr. Patrick Soon-Shiong, M.D., Chairman

Dear Sir:

SURGICAL DRAINAGE SYSTEM KNOWN AS COMBIVAC
Our File Number: 15590-2/YJM

We are the Solicitors for Dr. Bert Reitsma, the owner of the patent for the above-mentioned product.

Our client had originally entered into a License Agreement with ISI Surgical Instruments Canada Limited granting that latter company a license to manufacture and sell the above-mentioned product.

The said license was later assigned to ISI International Inc.

We wish to advise you that our client has now terminated the license in favor of ISI International Inc. and accordingly, our client is the sole owner of any rights to the said product.

In view of the above, we hereby put you on notice that ISI International Inc. has no right to proceed with the manufacturing or sale of the said product. Accordingly, you should not comply with any request from ISI International Inc. for the manufacturing of the said product. If you do, you will be assisting ISI International in the infringement of patent rights in favor of our client and you may be held responsible for any damages suffered by our client as a result of this infringement of patent. We therefore trust that you will cease and desist from dealing in any way with the said product except at the request of our client.

If you have any questions, please do not hesitate to contact the undersigned.

Yours truly,

Yves J. Menard

sb

APPENDIX I

Declaration of Carol J. Brown (attached as a supplemental appendix to the Appellate Brief of Borden Elliot Scott & Aylen, (formerly "Scott & Aylen")

DECLARATION OF CAROL J. BROWN

I, Carol J. Brown, make the following declaration, in accordance with 28 U.S.C. § 1746.

1. I was born in Oneida, New York on January 17, 1950. My parents are United States citizens. I lived with my parents in Camden, New York until 1968, when I enrolled at Middlebury College in Vermont.

2. I received a B.A. from Middlebury in 1972, and a M.A. from Middlebury Graduate School of French at the Universite de Paris V (Sorbonne), Paris, France in 1974.

3. In January 1975, I moved to Toronto, Canada. I worked in Toronto until 1979, when I enrolled at the University of Toronto Faculty of Law. I was conferred a LL.B. in 1982.

4. At the time that I was enrolled at the University of Toronto Faculty of Law, Canadian citizenship was a requirement for admission to the Law Society of Upper Canada. Because I intended to practice law in Canada, I applied for Canadian

citizenship and became a Canadian citizen on August 11, 1981.

5. In connection with becoming a dual citizen of Canada, I did not intend to renounce my U.S. citizenship and did not want my acts to be construed as such. To confirm my intentions regarding my U.S. citizenship, I executed an affidavit attesting to the fact that it was my intention and my wish to remain a U.S. citizen. I executed this affidavit around the same time that I became a dual citizen of Canada. I do not recall with which U.S. federal agency it was filed, but believe it may have been with the Immigration and Naturalization Service.

6. I have always been a U.S. citizen. I vote in U.S. federal elections, most recently the 2000 U.S. presidential election. I pay U.S. federal taxes and have a U.S. passport, which has regularly been renewed.

7. I was called to the Ontario Bar on April 10, 1984. I worked in Toronto after graduating from the University of Toronto Faculty of Law. In 1985, I moved to Ottawa and joined Scott & Aylen. I was a partner of the firm when ISI International, Inc. filed its U.S. lawsuit, 98 C 7614, in 1998. I have remained with the firm at all times since joining in 1985, and am also currently a partner of Borden Ladner Gervais LLP.

8. I have resided in Ottawa at all times since 1985, other than temporary trips and vacations. I am

married to a Canadian citizen, with whom I reside. I hold an Ontario drivers' license and a Canadian passport. I vote in municipal, provencal, and federal elections in Canada. I attend church in Ottawa. I am a past member of the Board of Directors of the Resource Educational Advocacy Center for the Handicapped, and the Board of Directors of the Odyssey Theatre Company, both located in Ottawa.

9. I am also a member of various professional organizations in Canada. I am an officer, executive member, and secretary of the Ontario Bar Association, and the chair of the Canadian Bar Association National Awards Committee and the immediate past chair of the Canadian Bar Association National Civil Litigation Section. I am a member and past chair of the Ontario Bar Association Awards Committee. Since 1996, I have also served as a civil litigation lecturer in the bar admissions course for the Law Society of Upper Canada.

10. I intend to reside in Ottawa for the foreseeable future.

I declare under penalty of perjury under the laws of the United States of America that the forgoing is true and correct. Executed on this 6th day of June, 2002.

-/S/-Carol J. Brown
Carol J. Brown

(2)

Supreme Court, U.S.
FILED
MAY 19 2003
OFFICE OF THE CLERK

No. 02-1516

In the Supreme Court of the United States

ISI INTERNATIONAL, INC.,

Petitioner,

v.

BORDEN LADNER GERVAIS LLP, and BORDEN ELLIOT SCOTT & AYLEN,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Seventh Circuit

RESPONDENTS' BRIEF IN OPPOSITION

JEFFREY P. DEJONG
Counsel of Record
JOHN M. O'BRYAN
CHARLES A. DUFFIELD
ALTHEIMER & GRAY
10 South Wacker Drive
Suite 4000
Chicago, Illinois 60606
(312) 715-4000

Counsel for Respondent Borden Elliot Scott & Aylen

LEE N. ABRAMS
Counsel of Record
ROBERT M. DOW, JR.
JORDAN M. RUDNICK
MAYER BROWN ROWE & MAW
190 South LaSalle Street
Chicago, Illinois 60603
(312) 782-0600

Counsel for Respondent Borden Ladner Gervais, LLP

May 19, 2003

Midwest Law Printing Company/Photex — Chicago — (312) 321-0220

QUESTIONS PRESENTED

1. A Canadian lawyer sent a cease-and-desist letter to a prospective U.S. distributor on behalf of the inventor of a device for which a patent application was then pending. The letter stated, incorrectly, that the inventor had a patent for the device. Did the Seventh Circuit err when it ruled that this single private communication did not constitute "commercial advertising or promotion" under the false advertising provisions of the Lanham Act?

2. Did the Seventh Circuit err when, based on well-established precedent governing state citizenship under 28 U.S.C. § 1332(a), it ruled that a U.S. citizen permanently domiciled in Canada was not a citizen of any U.S. state?

PARTIES TO THE PROCEEDING AND STATEMENT PURSUANT TO RULE 29.6

The parties to this action are set forth in the case caption. Borden Elliot Scott & Aylen is a partnership organized under the laws of Ontario. Borden Ladner Gervais LLP is a limited liability partnership organized under the laws of Ontario. Neither partnership is publicly traded, and no publicly held company owns 10% or more of either partnership.

TABLE OF CONTENTS

PAGE

QUESTIONS PRESENTED i

PARTIES TO THE PROCEEDING AND STATEMENT PURSUANT TO RULE 29.6 ii

TABLE OF CONTENTS iii

TABLE OF AUTHORITIES v

STATEMENT OF THE CASE 1

1. Background 1

2. ISI's Chicago Lawsuit 2

3. Formation of BLG 3

4. The First Remand And Appeal 3

5. The Second Remand 4

6. The Seventh Circuit Affirmance 5

REASONS FOR DENYING THE PETITION 6

I. THIS COURT SHOULD DENY CERTIORARI ON THE LANHAM ACT QUESTION 7

A. Petitioner's Legislative History Argument Is A Red Herring 8

B. Adopting Petitioner's View of "Commercial Advertising Or Promotion" Would Lead To Preposterous Results 11

C. The Lanham Act Does Not Encompass All Commercial Speech 12

II. THIS COURT SHOULD DENY CERTIORARI ON THE SUBJECT-MATTER JURISDICTION QUESTION 12

III. THIS CASE WOULD BE A POOR VEHICLE FOR ADDRESSING PETITIONER'S QUESTIONS IN ANY EVENT 17

A. The Seventh Circuit Only Ruled On The Lanham Act Issue As An Alternative Basis For Affirming The *Forum Non Conveniens* Dismissal 18

B. There Is No Developed Factual Record On The Lanham Act Issue 19

C. The Facts Of This Case Do Not Present A "Close Call" 19

CONCLUSION 20

TABLE OF AUTHORITIES

Cases PAGE(S)

FEDERAL CASES

Abbott v. United Venture Capital, Inc.,
718 F. Supp. 823 (D. Nev. 1988) 15

Adams v. Robertson,
520 U.S. 83 (1997) 19

Barnhart v. Sigmon Coal Co., Inc.,
534 U.S. 438 (2002) 10

Bates v. State Bar of Arizona,
433 U.S. 350 (1977) 11

Beers v. North American Van Lines, Inc.,
836 F.2d 910 (5th Cir. 1988) 16

Cincinnati v. Discovery Network,
507 U.S. 410 (1993) 11

Cohens v. Virginia,
19 U.S. 264 (1821) 15

Crowley v. Glaze,
710 F.2d 676 (10th Cir. 1983) 13

Ellis v. Southeast Constr. Co.,
260 F.2d 280 (8th Cir. 1958) 16

First Health Group Corp. v. BCE Emergis Corp.,
269 F.3d 800 (7th Cir. 2001) 9, 10

Garland Co. v. Ecology Roof System Corp.,
895 F. Supp. 274 (D. Kan. 1995) 11

Maple Island Farm, Inc. v. Bitterling,
196 F.2d 55 (8th Cir. 1952),
cert. denied, 344 U.S. 832 (1952) 16

Mississippi Band of Choctaw Indians v. Holyfield,
490 U.S. 30 (1989) 13

Newman-Green, Inc. v. Alfonzo-Larrain,
490 U.S. 826 (1989) 12, 14

Piper Aircraft Co. v. Reyno,
454 U.S. 235 (1981) 4

Price v. Greenway,
167 F.2d 196 (3rd Cir. 1948) 16

Seegers v. Strzempek,
149 F. Supp. 35 (D. Mich. 1957) 16

Sheridan v. United States,
487 U.S. 392 (1988) 12

Sommerville v. United States,
376 U.S. 909 (1964) 7

Sports Unlimited, Inc. v. Lankford Enters.,
275 F.3d 996 (10th Cir. 2002) 12

Van Cauwenberghe v. Biard,
486 U.S. 517 (1988) 1

FEDERAL STATUTES AND RULES

134 Cong. Rec. 31850-52 (Oct. 19, 1988),
134 Cong. Rec. H 10420 10

28 U.S.C. § 1332(a) ..... i, 14

28 U.S.C. § 1332(d) 17

42 U.S.C. § 1973-ff1 15

F. R. Civ. P. 4(k)(2) 2

F. R. Civ. P. 12(b)(3) 1

F. R. Civ. P. 12(b)(6) 4

OTHER AUTHORITY

Robert L. Stern, *Supreme Court Practice*, § 4.3,
at 225 (BNA 8th ed. 2002) 8

13B Wright, Miller & Cooper,
Federal Practice and Civil Procedure 2d,
§ 3621 (West 1984) 14, 15, 17

STATEMENT OF THE CASE

1. Background[1]

In 1994, Dr. Bert Reitsma, a Dutch physician living in Ontario, Canada, retained Scott & Aylen ("S&A"), an Ottawa, Ontario firm comprised of barristers and solicitors, and a separate partnership of patent agents. Pet. App. 47; Opp. App. 1. Reitsma asked one of S&A's solicitors to form ISI Surgical Instruments Canada, Ltd. ("ISI Canada"), as an Ontario corporation to commercialize his invention, a device for draining surgical wounds. Pet. App. 4-5. Reitsma also retained a S&A patent agent to obtain patent protection for the invention. *Id.* at 5. The S&A patent agent hired a Michigan law firm to prosecute the U.S. patent application. *Id.*

Reitsma later licensed ISI Canada with the worldwide rights to his invention. *Id.* at 5, 47. The license agreement specified that disputes were to be adjudicated in Ontario under Ontario law. *Id.* at 5. In 1996, Petitioner ISI International, Inc. ("ISI" or "Petitioner"), an Illinois corporation, acquired ISI Canada, and ISI Canada assigned the Reitsma license to ISI. *Id.* at 22, 29. Within a year, Reitsma had a falling out with ISI's principals, and he sent ISI a notice terminating the license. *Id.* at 22, 47. To protect his rights in the invention, Reitsma asked S&A to notify two prospective distributors that he had terminated ISI's license to the invention. *Id.* at 5-6. On Reitsma's behalf, a S&A solicitor sent one letter to a prospective U.S. distributor, American Pharmaceutical Partners ("APP"), and a second

---

[1] The background facts are drawn from ISI's pleadings, which have been taken as true except where contradicted by the affidavits that Respondents filed in accordance with the practice under F. R. Civ. P. 12(b)(3). *See, e.g.*, *Van Cauwenberghe v. Biard*, 486 U.S. 517, 529 (1988) (*forum non conveniens* "may be resolved on affidavits presented by the parties").

letter to a prospective distributor in The Netherlands. *Id.* at 22, 52-53. The letters stated, incorrectly, that Reitsma owned the patent for the device; at the time, Reitsma's U.S. patent application was still pending. *Id.* Contrary to the representation in the ISI Petition (Pet. at 6), the letters did ***not*** "solicit[ ] the recipients to do business with Dr. Reitsma, rather than ISI." In fact, the letters do not contain any such solicitation. *Id.* at 52-53.

2. ISI's Chicago Lawsuit

In 1998, ISI sued S&A in the U.S. District Court for the Northern District of Illinois, alleging, *inter alia*, that S&A's letter to APP constituted "false advertising" under the Lanham Act, because it stated, incorrectly, that Reitsma had a patent for the device. *Id.* at 36; Opp. App. 7-8. Contrary to the assertion in ISI's Petition that the Lanham Act claim is based on a "series of letters sent to ISI's customers" (Pet. at 6), ISI's Lanham Act claim is based exclusively on a single letter that S&A sent to APP.[2] Opp. App. 9-10. In addition to its Lanham Act claim, ISI alleged various state law claims against S&A. Pet. App. 20.

The district court dismissed ISI's complaint for lack of personal jurisdiction over S&A, and on *forum non conveniens* grounds. *Id.* at 1-3. The Seventh Circuit reversed the personal jurisdiction dismissal, finding that S&A's national contacts were sufficient for jurisdiction under F. R. Civ. P. 4(k)(2), and remanded for further consideration of the *forum non conveniens* issue. *Id.* at 14-16. The Seventh Circuit also substituted Respondent

---

[2] *See* Count 1 of ISI's First Amended Complaint, ¶ 66 ("The representations in the APP Letter constitute false representations in violation of ISI's rights under Section 43(a) of the Federal Lanham Act."). Opp. App. 10.

Borden Ladner Gervais LLP ("BLG") as a "placeholder" defendant. *Id.* at 17-19.

3. Formation of BLG

Long after the events giving rise to this case, S&A and its partners underwent several organizational changes. In early 1998, S&A's patent agents and lawyers combined their separate partnerships into a single partnership. Opp. App. 2. Later that year, in anticipation of a proposed merger with a Toronto firm named Borden & Elliot, S&A officially changed its name to Borden Elliot Scott & Aylen ("BESA"). Pet. App. 38; Opp. App. 3. However, that merger never took place. Instead, in early 2000, the partners of five leading Canadian law firms (the "Legacy Firms"), including Borden & Elliot and BESA, formed BLG, a new national Canadian law firm. Pet. App. 38-39. All of the agreements forming BLG, including the provisions addressing the assumption of liabilities of the Legacy Firms, are governed by Canadian law. *Id.* at 31, 39. BESA continues to exist, and remains responsible for its own liabilities. *Id.* at 38-39. Nevertheless, the Seventh Circuit *sua sponte* substituted BLG as a "placeholder" defendant. *Id.* at 19. In so doing, the Seventh Circuit expressly noted that it did "not mean to imply that [BLG] has assumed any of [S&A's] liabilities. [BLG] serves for now only as a placeholder." *Id.*

4. The First Remand And Appeal

Following the Seventh Circuit's initial decision in this case, ISI filed in the district court (on remand) an amended complaint naming only BLG as a defendant. Opp. App. 9. BLG, joined by BESA, asked the district court to first consider the substitution of defendants issue. Pet. App. 20. BLG and BESA also moved to dismiss on *forum non*

conveniens grounds, arguing that the key legal issues were governed by Canadian law, that many material witnesses could only be compelled to testify if the case were tried in Ontario, and that ISI had failed to identify any non-party witnesses who could be compelled to testify in Illinois. *Id.* at 20. In addition, BLG and BESA moved to dismiss for failure to state a claim under F. R. Civ. P. 12(b)(6), arguing that S&A's letter to APP did not constitute "commercial advertising and promotion" under the Lanham Act. *Id.* at 31.

In its October 30, 2001 opinion, the district court, applying the *forum non conveniens* analysis set forth in *Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 256 (1981), first found that Ontario was an adequate alternative forum. *Id.* at 25-26. The district court then concluded that Ontario was the more appropriate forum because the public interest factors—including the overarching issues of Canadian law—and the private interest factors—including the unavailability of key testimony if the case were to be tried in Chicago—strongly favored Ontario as the appropriate forum. *Id.* at 26-31. The district court dismissed the action on *forum non conveniens* grounds, and ruled that the substitution of defendants issue and the motion to dismiss ISI's Lanham Act claim were moot. *Id.* at 32. ISI appealed that decision, and the Seventh Circuit summarily remanded for a determination as to the proper defendant. *Id.* at 35.

5. The Second Remand

Following discovery and an additional round of briefs on the issue of whether BLG has assumed liability for S&A's torts, the district court held that on the record before it, it could not determine whether BLG had assumed those liabilities. *Id.* at 43. Significantly, the district court

found that the issue of BLG's successor liability turned on "[t]he validity and enforceability of the March 1, 2000 letter agreement [which] involves complex issues of Ontario contract, partnership, and successor liability law." *Id.* at 39. The district court found that the existence of these complex issues of Ontario law "reinforce[d]" the conclusion that "ISI's action belongs in Ontario, not Illinois." *Id.* at 44. For that reason, and for the other reasons set forth in its October 30, 2001 opinion, the district court again dismissed ISI's lawsuit on *forum non conveniens* grounds. *Id.*

6. The Seventh Circuit Affirmance

On appeal, the Seventh Circuit questioned the district court's balancing of the public and private interest factors in its *forum non conveniens* analysis. *Id.* at 48-49. Nevertheless—in one of two independent and equally dispositive rulings—the Seventh Circuit affirmed the district court's dismissal on *forum non conveniens* grounds. *Id.* at 49-51. In a unanimous decision written by Circuit Judge Easterbrook, the court held that because an Ontario court ultimately would have to resolve the successor liability issues with respect to any judgment that ISI obtained, the Ontario court should handle the whole suit: "If this aspect is going to land in Ontario no matter what, why not handle the whole suit there?" *Id.* at 49.

The Seventh Circuit then ruled, alternatively, that regardless of the *forum non conveniens* dismissal, ISI's Lanham Act claim was untenable because "§43(a)(1)(B) *** is limited to false or misleading 'commercial advertising or promotion'" and that "letters sent to customers do not come with the scope" of the Act. *Id.* at 50. Because that disposition left ISI without a valid federal claim, the Seventh Circuit noted that district court would have been free to dismiss the action for lack of subject-matter jurisdiction over the remaining state law claims. *Id.* Under

well settled law, diversity jurisdiction did not exist because "[o]ne of Scott & Aylen's partners is a U.S. citizen domiciled in Canada; she has no state citizenship[.]" *Id.*

REASONS FOR DENYING THE PETITION

Petitioner contends that this case presents two questions that are worthy of this Court's consideration, but Petitioner fails to present even a plausible reason for this Court to grant the Petition as to either question.

First, in regard to Petitioner's Lanham Act claim, the Seventh Circuit correctly ruled that S&A's letter to APP did not constitute "commercial advertising or promotion" and thus failed to raise even a colorable false advertising claim under the Lanham Act. Petitioner has failed to identify any conflict between that ruling and the decisions of any other Circuit. In fact, the Seventh Circuit's ruling is in line with precedent from the other Circuits. Petitioner's speculation that a conflict may arise in the future is simply a truism, and does not even remotely provide a proper basis for certiorari review by this Court at this time. Finally, even if the Court were inclined to address the merits of the Lanham Act issue, this case would be a poor vehicle for doing so, for two reasons: (i) there is no developed factual record on that issue, and (ii) a single letter to a prospective distributor does not even come close to satisfying the statutory language, pursuant to which the Act applies only to "commercial advertising or promotion."

Second, the Seventh Circuit's ruling that U.S. citizens domiciled abroad cannot be sued on the basis of diversity jurisdiction likewise is entirely correct and consistent with well established law, including decisions of this Court on which the Seventh Circuit panel relied. Again, Petitioner has failed to identify any decisional conflict warranting this Court's review.

Moreover, even if either of the issues presented in the Petition raised a question on which the lower courts are divided or that required an exercise of this Court's supervisory authority, this would not be an appropriate case for certiorari presenting that issue—because the Seventh Circuit's Lanham Act ruling and the jurisdictional consequences that followed from that ruling were simply an alternative basis for affirming the district court's *forum non conveniens* dismissal. Accordingly, a grant of certiorari and a reversal as to the questions presented would not change the outcome of this case. This Court does not exercise its discretion to review cases in which its rulings will have no concrete effect on the disposition of the case in the lower courts. *See, e.g., Sommerville v. United States*, 376 U.S. 909 (1964) (certiorari denied because resolution of conflict would not change the result below).

I. THIS COURT SHOULD DENY CERTIORARI ON THE LANHAM ACT QUESTION.

Because review on writ of certiorari is a matter of judicial discretion rather than right, "[a] petition for a writ of certiorari will be granted only for compelling reasons." Sup. Ct. R. 10. One compelling reason is a circuit split. Sup. Ct. R. 10(a). However, Petitioner has not identified any existing differences between the circuits, but merely speculates that "other circuits * * * might not agree with the seventh circuit's interpretation" of the Lanham Act, which "would only *create* unacceptable differences between the circuits." Pet. at 17 (emphasis added). Petitioner also speculates that "the seventh circuit's erroneous construction * * * may be accepted by other federal courts, thereby perpetuating an error which is at odds with the congressional intent in adopting that language." *Id.*

This Court grants certiorari to resolve actual conflicts, not to correct supposed errors or to address the speculative

hope of one litigant. Robert L. Stern, *Supreme Court Practice*, § 4.3, at 225 (BNA 8th ed. 2002) ("[T]here must be a real or 'intolerable' conflict on the same matter of law or fact."). The speculation on which the Petition rests speaks volumes about the current, settled state of the law and the absence of any reason for this Court to review the Seventh Circuit's decision.

A. Petitioner's Legislative History Argument Is A Red Herring.

Petitioner's heavy (and misplaced) reliance on legislative history demonstrates the absence of merit in its Petition. The Lanham Act does not define the statutory terms "advertising" and "promotion," and the Act's legislative history provides no indication that those terms should be given any meaning other than their ordinary, everyday meaning. Traditional advertising campaigns in print and broadcast media that result in widespread, public communications to consumers clearly fall within the statutory terms. The communication at issue here lies before the start of the other end of the definitional spectrum: it is based on a single private letter to one prospective U.S. distributor. The Seventh Circuit correctly determined that ISI's Lanham Act claim "fails on the merits" because "letters sent to customers do not come within the scope of § 43(a)(1)(B)—which is limited to false or misleading 'commercial advertising or promotion' and does not cover all deceitful business practices." Pet. App. 50.

Petitioner urges this Court to grant certiorari and to reverse the dismissal of its complaint because of a supposed "erroneous construction of section 43(a)(1)(B) * * * which negates the underlying legislative intent of congress." Pet. at 13. However, in a maneuver that underscores the clear absence of any reason to grant the Petition here, ISI's argument focuses not on the merits of the Seventh Circuit's

decision *in this case*, but rather on a supposed error committed by a prior Seventh Circuit panel in *First Health Group Corp. v. BCE Emergis Corp.*, 269 F.3d 800 (7th Cir. 2001).

In *First Health*, the Seventh Circuit rejected a district court approach that "treated 'commercial advertising and promotion' as a synonym for all commercial speech that the first amendment allows the federal government to regulate." *Id.* at 803. In the case at bar, the Seventh Circuit, citing *First Health*, held that "letters sent to customers do not come within the scope of § 43(a)(1)(B)[.]" 316 F.3d at 733.

Petitioner contends that the *First Health* court engaged in "erroneous speculation" when it stated that:

> The language and structure of § 43(a)(1)(B) do not suggest a line between commercial and political speech, with the former completely covered and the latter not. They suggest a line between varieties of commercial speech.

First Health, 269 F.3d at 803. According to Petitioner, that statement stands in "diametric opposition" to Congressional intent, as evidenced by the statements of a single Senator, Dennis DeConcini, the Senate co-sponsor of the Trademark Law Revision Act of 1988. Pet. at 12. In essence, Petitioner asks this Court to determine, on the basis of Senator DeConcini's floor statement, that "commercial advertising and promotion" really means "commercial speech."[3]

---

[3] Petitioner gives Senator DeConcini's statement dispositive weight. But just last year, this Court counseled "were we to adopt this form of statutory interpretation, we would be placing an obligation on Members of Congress not only to monitor their colleague's floor statements but to read every word of the Congressional Record including written explanations inserted into the (continued...)

ISI misinterprets Senator DeConcini's statement. That statement only addresses the definition of "commercial," which precedes and qualifies "advertising or promotion" in § 43(a)(1)(B): "It is also Congress' intent that the 'commercial' language be applicable anytime there is a misrepresentation relating to goods or services." Pet. at 12-13. Notably, Senator DeConcini did not discuss the terms "advertising" and "promotion" in the passages cited by Petitioner. In fact, none of the legislative history surrounding the enactment of the Trademark Law Revision Act of 1988 even purports to define "advertising or promotion."[4]

Petitioner also contends that the *First Health* court failed to recognize that "advertising and promotion" was not added to the statute until 1988. That is immaterial. Indeed, far from undermining the *First Health* court's decision, the fact that "advertising" and "promotion" were added to the Lanham Act in 1988, rather than in 1946, fully supports the *First Health* court's observation that "[a]ny plan to occupy all of the constitutionally permitted space would have used the phrase 'commercial speech,' rather than 'advertising or promotion' in § 43(a)(1)(B)[.]" 269 F.3d at 803. By 1988, commercial speech had become a well recognized category of First Amendment activity, and this Court

---

[3] (...continued)
record. This we will not do. The only 'evidence' that we need rely on is the clear statutory text." *Barnhart v. Sigmon Coal Co., Inc.*, 534 U.S. 438, 457 n.15 (2002).

[4] Nor was there Congressional consensus on the meaning of "commercial" within § 43(a)(1)(B). While Senator DeConicini intended the term to cover all but political speech, Representative Kastenmeier, the Act's sponsor in the House of Representatives, also excluded "consumer or editorial comment, parodies, satires, or other constitutionally protected material" from the definition of "commercial." 134 Cong. Rec. 31850-52 (Oct. 19, 1988), 134 Cong. Rec. H 10420 (daily ed. Oct. 19, 1988).

had recognized "advertising and promotion" as a species of commercial speech. *See, e.g., Bates v. State Bar of Arizona*, 433 U.S. 350 (1977); *Cincinnati v. Discovery Network*, 507 U.S. 410, 422-24 (1993). *First Health* is correct, and Petitioner's argument is nonsensical: if Congress intended the Lanham Act to regulate all commercial speech, it would not have included the terms "advertising or promotion" in the 1988 revisions to § 43(a)(1)(B). In short, to the extent that Petitioner really seeks review not of the decision below in this case, but of *First Health*, such review is manifestly unwarranted.

B. Adopting Petitioner's View of "Commercial Advertising Or Promotion" Would Lead To Preposterous Results.

Petitioner's premise—that "commercial advertising or promotion" excludes only political speech, regardless of whether the speech occurs in "advertising or promotion" or in an isolated private communication—strips the statutory terms of any meaning. "Advertising" and "promotion" "appear[ ] to be [ ] unlikely term[s] for Congress to have employed if it had intended to include isolated communications within the Act's purview." *Garland Co. v. Ecology Roof Sys. Corp.*, 895 F. Supp. 274, 276 (D. Kan. 1995). "Promotion is defined as 'active furtherance of sale of merchandise through advertising or other publicity. * * * [A]n analysis of the history and purpose of the Lanham Act is of little value in attempting to determine whether Congress meant any broader definition of 'promotion' than that suggested by Webster's." *Id.* (citing Webster's Third New International Dictionary, at 1815 (1986)).

Adopting Petitioner's definition of "commercial advertising or promotion" would transform every commercial fraud case into a federal Lanham Act "false advertising" claim. The Seventh Circuit properly relied on the plain meaning

of the statutory terms in rejecting Petitioner's strained construction. In this Court's words, "courts should strive to avoid attributing absurd designs to Congress, particularly when the language of the statute and its legislative history provide little support for the proffered, counterintuitive reading." *Sheridan v. United States*, 487 U.S. 392, 402 (1988).

C. The Lanham Act Does Not Encompass All Commercial Speech.

Not surprisingly, other circuits define "advertising" and "promotion" by distinguishing between (i) those types of commercial speech and (ii) other private, isolated types of commercial speech. As the Tenth Circuit explained, "these terms by their plain, everyday meaning connote *some* level of *public* dissemination of information." *Sports Unlimited, Inc. v. Lankford Enters.*, 275 F.3d 996, 1005 (10th Cir. 2002) (citation omitted). In sum, "commercial advertising and promotion" does not encompass all commercial speech. Unless Congress decides to amend those terms, they must be given their plain meaning, as the Seventh Circuit has done both in the decision below and in *First Health*.

II. THIS COURT SHOULD DENY CERTIORARI ON THE SUBJECT-MATTER JURISDICTION QUESTION.

After determining that ISI's sole federal claim fails on the merits, the Seventh Circuit correctly held that the district "court would be free to relinquish supplemental jurisdiction" because "[o]ne of Scott & Aylen's partners is a U.S. citizen domiciled in Canada; she has no state citizenship, so the diversity jurisdiction is unavailable." Pet. App. 50 (citing *Newman-Green, Inc. v. Alfonzo-Larrain*, 490 U.S. 826, 829 (1989)).

It is black letter law that diversity jurisdiction requires the presence of citizens of different states, and that citizenship is determined by a person's "domicile." *See, e.g., Crowley v. Glaze*, 710 F.2d 676, 678 (10th Cir. 1983). Domicile is determined by weighing various factors. No single factor is dispositive, but if a person lives and works in a state (or foreign country) and plans to remain there indefinitely, that state (or foreign country) is considered the person's domicile. *See, e.g., Mississippi Band of Choctaw Indians v. Holyfield*, 490 U.S. 30, 48 (1989) (domicile is combination of physical presence in a location and an intent to remain there indefinitely).

The test for domicile is fact intensive, but in this case it is not a close call. Petitioner does not dispute the Seventh Circuit's conclusion that Carole Brown, a partner in both BESA and BLG, is a U.S. citizen domiciled in Canada.[5] Ms. Brown has lived and worked in Canada since 1975, is married to a Canadian citizen, and plans to remain in Canada indefinitely. Pet. App. 54-56.

After properly determining that Ms. Brown is domiciled in Canada, the Seventh Circuit applied this Court's settled precedent by holding that, as a U.S. citizen domiciled abroad, Ms. Brown is not considered a citizen of any U.S. state for diversity purposes, and therefore complete diversity is lacking.[6] Pet. App. 50. Petitioner acknowledges, as it must, that the Seventh Circuit's ruling was a correct

---

[5] Petitioner acknowledges that Ms. Brown is domiciled abroad, and its "Questions Presented" assume a U.S. citizen domiciled abroad. Pet. at i and 16.

[6] Petitioner states, erroneously, that the Seventh Circuit established a conclusive presumption that every U.S. citizen *living* abroad is not a citizen of any state. Pet. at 16. Petitioner fails to recognize the distinction between residence and domicile. Temporary residence, with no intent to remain indefinitely, does not change a person's domicile. The two terms are not synonymous; "domicile" requires an intent to remain indefinitely.

application of settled law: "it has been held *consistently* that a diversity suit may not be maintained under Section 1332(a)(1) by or against a United States citizen domiciled in a foreign country." Pet. at 14 (citing 13B Wright, Miller & Cooper, *Federal Practice and Civil Procedure* 2d, § 3621, at 577-78 (West 1984) (emphasis added).

Undaunted, Petitioner asks this Court to announce a new rule: even if all of the relevant factors indicate that a U.S. citizen is domiciled in a foreign country, those factors *must be set aside*, and the person must be deemed a citizen of a U.S. state, if the citizen exercises her U.S. citizenship by voting in a presidential election. In effect, Petitioner asks the Court to hold that voting is the *only* domicile factor that matters, or that this Court's precedent should be narrowly limited to foreclosing the availability of diversity jurisdiction for a "traditional, stateless 'ex patriot' [sic] who has severed ties with the U.S." Pet. at 17-18.[7] Petitioner believes this precedent-overturning result is justified because: (i) some older cases held that voting raises a rebuttable presumption of citizenship in a state, and (ii) voting for a state's electors to the electoral college allegedly demonstrates an intention not to terminate a person's status as a citizen of that state. In support of its plea for review, Petitioner submits that its request "transcends the facts of this case" and that the Court's ruling would affect "thousands of U.S. citizens living abroad, including those who are serving in the armed services of the United States and who are stationed, with their families, overseas" who otherwise would be prevented from maintaining domicile in a state, and thus have to forego "their 'constitutional right to come into the courts

---

[7] The source of Petitioner's imagined "traditional" U.S. citizen abroad who has "severed all ties to the U.S." is unclear. *Newman-Green, Inc. v. Alfonzo-Larrain*, 490 U.S. 826 (1989), has never been restricted to expatriates with *no* ties to the U.S.

of the Union.'" Pet. at 18 (citing *Cohens v. Virginia*, 19 U.S. 264 (1821)).

ISI's bizarre request to assert the rights of strangers to this case in their hypothetical attempts to "come into the courts of the Union" presents no question worthy of this Court's attention. Petitioner does not cite any case that actually supports its novel contentions, much less demonstrates the existence of tension or a split in the Circuits on any diversity jurisdiction issue even remotely connected to this case. The Circuits, including the Seventh Circuit in this case, adhere to this Court's clear precedent.

The merits of Petitioner's argument also do not warrant this Court's time. To begin with, Petitioner's emphasis on an expatriate's voting record is misplaced. Rather than being the touchstone that Petitioner imagines, voting has become a *less significant* factor in the domicile analysis under modern law. Because Supreme Court decisions have greatly reduced residency requirements for voting registration, this factor now carries less weight. 13B Wright, Miller & Cooper, *Federal Practice & Procedure*, § 3612, at 535. Voting requirements are simply not a substitute for this Court's traditional domicile test.[8] Even the older decisions on which Petitioner relies did not give voting the outcome determinative weight that Petitioner desires; modern decisions give voting even less weight. *See, e.g., Abbott v. United Venture Capital, Inc.*, 718 F. Supp. 823 (D. Nev. 1988) (despite Nevada voting, plaintiff was a Californian because of primary residence). Moreover, even if voting were the touchstone that Petitioner imagines it

---

[8] U.S. citizens domiciled abroad can vote in elections for federal office under The Uniformed And Overseas Citizens Absentee Voting Act. 42 U.S.C. § 1973-ff1. The Act allows these citizens to vote in the state where they last resided, even if many years have elapsed and the citizen does not maintain any residence in the state.

to be, Ms. Brown's voting record does not diminish the Seventh Circuit's determination that she is domiciled in Canada. Although Ms. Brown votes only in federal elections in the United States, she votes "in municipal, provincial, and federal elections in Canada." Pet. App. 56.

Petitioner's argument that the issue "transcends the facts of this case" is a non-starter. Because domicile is a fact-intensive determination and no one factor is outcome determinative, granting review in the unusual circumstances present here would not yield a decision with widespread application in other cases. Even if Petitioner were an appropriate party to act on behalf of military personnel stationed overseas, Petitioner's professed concern about the ability of such persons to litigate in federal court under the diversity statute is misplaced.

It is well established that "[a] citizen of a state does not change his citizenship by entering military service even though he is assigned to duties in another state or country, and regardless of the term of service, unless he indicates an intent to abandon such original domicile and adopt a new one." *Seegers v. Strzempek*, 149 F. Supp. 35, 36 (D. Mich. 1957); *accord*, *Beers v. North American Van Lines,* Inc., 836 F.2d 910 (5th Cir. 1988); *Ellis v. Southeast Constr. Co.*, 260 F.2d 280 (8th Cir. 1958); *Price v. Greenway*, 167 F.2d 196 (3rd Cir. 1948). Thus, military personnel stationed overseas generally retain their state domicile. A party seeking to show that a serviceperson has acquired a new domicile—domestic or foreign—must present clear and unequivocal evidence in the face of the serviceperson's contradictory declarations. Wright, Miller & Cooper, *Federal Practice & Procedure* 2d, § 3617, at 567. U.S. citizens living in foreign countries, including U.S. military personnel, can retain their state domicile simply by refraining from making a statement of their intention to remain indefinitely or permanently in such foreign country. *See, e.g.*, *Maple Island*

Farm, Inc. v. Bitterling, 196 F.2d 55, 59 (8th Cir. 1952), *cert. denied*, 344 U.S. 832.

Petitioner's real concern—that without a federal cause of action, it cannot sue Respondents in federal district court because Ms. Brown is domiciled in Canada—is not an issue of far-reaching significance. The membership of the class of U.S. citizens domiciled abroad "admittedly is extremely small[.]" 13B Wright, Miller & Cooper, *Federal Practice & Procedure* 2d, § 3621, at 580. Moreover, if Petitioner wishes to seek redress, its remedy lies with Congress, not with this Court.[9] Certiorari should be denied.

III. THIS CASE WOULD BE A POOR VEHICLE FOR ADDRESSING PETITIONER'S QUESTIONS IN ANY EVENT.

Finally, even if either of the issues presented in the Petition raised a question on which the lower courts are divided or required an exercise of this Court's supervisory authority, this case presents a poor vehicle for review. To begin with, the Seventh Circuit's Lanham Act ruling and the jurisdictional consequences that followed from that ruling were simply an alternative basis for affirming the district court's *forum non conveniens* dismissal. Petitioner does not seek review or reversal in this Court of that independent basis on which the district court's decision in this case was upheld. As a result, a grant of certiorari would have no concrete effect on the disposition of the

---

[9] Despite the limited ramifications of the rule that Petitioner seeks to overturn, Congress *could* amend the diversity statute to reach the result that Petitioner desires. 13B Wright, Miller & Cooper, *Federal Practice & Procedure*, § 3621, at 581. Congress previously amended the statute so that citizens of the District of Columbia, Puerto Rico, and the territories are deemed citizens of a "state" under 28 U.S.C. 1332(d). *Id.*

case in the lower courts, regardless of this Court's ruling on the questions presented.

A. The Seventh Circuit Only Ruled On The Lanham Act Issue As An Alternative Basis For Affirming The *Forum Non Conveniens* Dismissal.

Although the Seventh Circuit questioned the district court's reasoning for dismissing the case on *forum non conveniens* grounds, the Seventh Circuit ultimately affirmed that dismissal. As the court explained, notwithstanding its doubts about the district court's rationale,

> two additional considerations lead us to conclude that the district court did not abuse its discretion in relegating ISI International to the Canadian forum. First, Scott & Aylen no longer exists. It was succeeded as part of a merger by Borden Elliot Scott & Aylen, and although this partnership continues to exist all of its partners practice through Borden Ladner Gervais, LLP, the survivor. The parties dispute which among the entities, and who among the individual partners, is liable for Scott & Aylen's debts. The district judge was unable to resolve this question, the parties have not reached agreement on it, and an Ontario court may have to do so no matter what, if an effort is made to collect in Ontario any eventual judgment. If this aspect of the parties' dispute is going to land in Ontario no matter what, why not handle the whole suit there?

Pet. App. 49. And, second, Petitioner's Lanham Act claim was untenable and its dismissal would leave nothing in the case other than the state law claims, which the district court was free to dismiss for lack of subject matter jurisdiction. *Id.*

As the court made clear, dismissal was appropriate in the first place because the key legal issue of successor liability

ultimately would have to be resolved in Canada. Because Petitioner does not challenge that ruling, reversal of the Seventh Circuit's Lanham Act and subject-matter determinations would not change the result below—dismissal on *forum non conveniens* grounds.

B. There Is No Developed Factual Record On The Lanham Act Issue.

This case would be a poor vehicle for addressing the Lanham Act issue because the record as to that issue was underdeveloped. The Lanham Act issue clearly was not a central issue in the district court proceeding. Indeed, in view of its dismissal on *forum non conveniens* grounds, the district court did not even address the Lanham Act. In the Seventh Circuit, Respondents argued that the *forum non conveniens* dismissal could be affirmed on the alternative Lanham Act and subject-matter jurisdiction grounds addressed in the Seventh Circuit's subsequent opinion. But both Petitioner and Respondents devoted the majority of their arguments to the *forum non conveniens* issue. Petitioner did not make the Lanham Act argument that it now advances in this Court. Under these circumstances, certiorari is inappropriate. *See, e.g., Adams v. Robertson*, 520 U.S. 83, 91-92 (1997) (reversing grant of certiorari due to lack of developed record).

C. The Facts Of This Case Do Not Present A "Close Call."

Finally, Petitioner's Lanham Act claim is exceedingly weak on the merits. Petitioner's claim is based on a single letter to APP in California. That lone letter does not even come close to meeting any conceivable, ordinary speech definition of "commercial advertising or promotion." The letter was a purely private communication. There was no

element of publicity involved. The letter was sent only to a potential manufacturer/distributor, not to a customer. And, contrary to Petitioner's assertion (Pet. at 6), the letter did not solicit the recipient to do business with Dr. Reitsma instead of ISI. Pet. App. 52-53.

CONCLUSION

For all of the foregoing reasons, Respondents respectfully request that this Honorable Court deny the Petition.

Respectfully submittted,

JEFFREY P. DEJONG
Counsel of Record
JOHN M. O'BRYAN
CHARLES A. DUFFIELD
ALTHEIMER & GRAY
10 South Wacker Drive
Suite 4000
Chicago, Illinois 60606
(312) 715-4000

Counsel for Respondent Borden Elliot Scott & Aylen

LEE N. ABRAMS
Counsel of Record
ROBERT M. DOW, JR.
JORDAN M. RUDNICK
MAYER BROWN ROWE & MAW
190 South LaSalle Street
Chicago, Illinois 60603
(312) 782-0600

Counsel for Respondent Borden Ladner Gervais, LLP

EDITOR'S NOTE

THE FOLLOWING PAGES WERE POOR HARD COPY AT THE TIME OF FILMING. IF AND WHEN A BETTER COPY CAN BE OBTAINED, A NEW FICHE WILL BE ISSUED.

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

ISI INTERNATIONAL, INC.	)	
	)	
Plaintiff,	)	
	)	Case No. 98 C 7614
vs.	)	
	)	Judge Suzanne B. Conlon
BORDEN LADNER GERVAIS LLP,	)	
	)	
Defendant.	)	

DECLARATION OF GUY PRATTE

I, Guy J. Pratte, make the following declaration, in accordance with 28 U.S.C. §1746, in support of the Defendant's Rule 12(b) Motion in the above-captioned matter.

1. I am a lawyer licensed to practice law in the Province of Ontario, Canada, and I am a member in good standing of the Law Society of Upper Canada.

2. I am the managing partner of the Ottawa, Ontario office of Borden Ladner Gervais LLP ("BLG") and I also am a member of BLG's National Executive Committee. BLG was formed by five leading Canadian firms in March 2000. The relevant terms of that transaction are described in the Declaration of Sean Weir.

3. During 1996-97, the period when the events at issue in this case occurred, Scott & Aylen ("S&A") was comprised of two separate partnerships: one of Solicitors and Barristers and the other of Patent Agents. The two partnerships shared office space and various office services. The two partnerships did not share profits and they did not assume each other's liabilities. The two partnerships billed separately and maintained separate files. The two partnerships were

separately insured. A chart reflecting the insurance coverage for S&A's Lawyers is marked as Ex. A.[1]

4. S&A's Patent Agents also have $10 Million (CDN) of insurance, but their insurer, ENCON, has denied coverage for this claim under a territorial limit restricting coverage to claims filed in Canada. Copies of the ENCON Policy and the denial of coverage letter are marked as Ex. B.

5. As of January 1, 1998, S&A's Lawyers and S&A's Patent Agents agreed to combine their practices into a single partnership. That combination was structured as an Asset Purchase by S&A's Lawyers of the assets of the S&A Patent Agents' partnership. A copy of the Asset Purchase Agreement is marked as Ex. C. Incident to that Asset Purchase Agreement, S&A's Lawyer's acquired shares in a company in which S&A's Patent Agents had invested. A copy of that Share Purchase Agreement is marked as Ex. D.

6. As of January 1, 1998, certain S&A Lawyers and Patent Agents formed a new combined partnership and entered into a Partnership Agreement, a copy of which is marked as Ex. E. That Partnership Agreement expressly provides that liability of the predecessor Patent Agents' and Lawyers' partnerships, respectively, for claims such as ISI alleges, are not assumed by the other predecessor partnership:

> 2.3 Notwithstanding any other provisions of this Agreement, *the partners of each of the predecessor partnerships*, other than David Scott who was a partner of each of the predecessor partnerships, *shall not be liable for the negligent acts and omissions, if any, which were committed or done by partners of the other predecessor partnership prior to January 1, 1998* and for any claim or claims made at any time by one or more of the partners of the other predecessor partnership against some or all of the partners of that other predecessor partnership in respect of any matter or matters which existed prior to January 1, 1998. (Ex. E at ¶2.3, emphasis added)

[1] S&A's insurance coverage is Confidential under the Protective Order, as are Exs. B-E. Those exhibits have been bound separately and marked Confidential.

7. In the fall of 1998, S&A and Borden & Elliot, a Toronto firm, began discussing a possible combination of the two firms. In anticipation of that combination, S&A changed its name to Borden Elliot Scott & Aylen. But that combination never occurred as it was overtaken by the five firm combination by which BLG was formed, as described above and in Mr. Weir's Declaration.

8. A list of the individual partners of the S&A Lawyers' partnership and of the Patent Agent's partnership during 1996-97 is marked as Ex. F.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Executed on this 13th day of September 2001.

Guy J. Pratte

In The United States District Court
For The Northern District of Illinois
Eastern Division

ISI International, Inc. *an Illinois corporation,*	
Plaintiff,	
vs.	
Scott & Aylen, *an Ontario partnership,*	
Defendant.	JURY TRIAL DEMANDED

RECEIVED
NOV 25 1998
MICHAEL W. DOBBINS
CLERK, U.S. DISTRICT COURT

98C 7614

JUDGE CONLON
MAGISTRATE JUDGE DENLOW

COMPLAINT

NOW COMES THE PLAINTIFF, ISI International, Inc., an Illinois corporation, and for its Complaint against Defendant Scott & Aylen, a partnership organized under the laws of the Province of Ontario, Canada, alleges as follows:

PART I
The Parties

1. Plaintiff, ISI International, Inc. (hereinafter "**ISI**"), is an Illinois corporation with a principal place of business at 72 Treasure Lane, Riverwoods, Illinois.

2. On information and belief, Defendant Scott and Aylen (hereinafter "**The Defendant Law Firm**") is a partnership organized under the laws of the Province of Ontario, Canada, with a principal place of business at 1000 - 60 Queen Street, Ottawa, Canada K1P 5Y7, which is engaged in, among other activities, the practice of law, including without exception the practice of patent law in the United States before the United States Patent and Trademark Office and includes as partners and/or attorneys practicing within the firm and/or patent agents practicing within the firm: John G. Alyen, David W. Scott, Laird J. Rasmussen, Peter C. P. Thompson, Prian A Carrol, William C. V. Johnson, Peter B. Annis, George D. Hunter, Thomas J. Marlay, James I. Minnes, J. Bruce Carr-Harris, Terrance J. McManus, Raj Anand, Marc Joliceur, Kenneth E. Sharpe, David A. Aylen, Peter K. Doody, Bernard G. Roach, Carole J. Brown, Jeremy Stuart T. Farr, Guy J. Pratte, Kevin P. Nearing, Graham J. Clarke, Walter V/ Do Cesare, Kevin LaRoche, Timothy J. McCunn, Yves J. Menard, Mark A. Babinski, Fay Kathleen Brunning-Howard, Martine Richard, Pierre E. Roger, David Sherriff-Scott, Jane M. Bachynski, May M. Cheng, Joanne E. Fox, Julie Rancourt, NoElle Caloren, Kent D. Howie, Andrew Pinto, Lawrance A. Elliot, M. Kate Stephenson, Lisa D. K. Johnson, John J. Urie, Keith Allen Flanigan, Anthony J. Graham, Edward B. O'Connor, J. Brook Keneford, Tracy I. Mosley, Max R. Wood, Jochin T. Fritz, Deborah G. Vandenhoff, Anita Nador and Jaspreet K. Kalra.

45. In January 1996, as the final step in the development of **The Improved CombiVac Invention**, **ISI** retained and paid for the services of The Design Workshop of 75 Colonnade Road, Nepean, Ontario, Canada, for the further design development of **The Improved CombiVac Invention** which was derived from the joint activities of **Jokari, Mr. Reitsma** and **ISI Canada** pursuant to the **Jokari/Reitsma Agreement**.

46. After the retention of the services of The Design Workshop, **Jokari** and its employees continued to consult with and to work with **Mr. Reitsma** and **ISI Canada** in the further design development of **The Improved CombiVac Invention** which was derived from the mutual activities of **Jokari, Mr. Reitsma** and **ISI Canada** pursuant to the **Jokari/Reitsma Agreement**.

47. Following the original order for 100,000 units of **The Improved CombiVac Invention**, Mr. Jan Heeger, of B Braun NPBI Medical b.v., in a letter of February 23, 1996 to Mr. Johannes A. Aschman, **president of ISI**, (a copy of which is attached hereto as **Exhibit K**) confirmed an increase in its original order, stating:

> "B. Braun NPBI Medical b.v. has committed an order to ISI of the new wounddrainage (sic) system COMBIVAC® to buy and sell within 12 months after the introduction. Delivery of 20,000 units as soon as possible. Our goal in 1997/1998 is to sell 210,000 units and in 1998/99 to sell 350,000 units."
>
> "We also received a commitment from the German dealer, who is going to sell the COMBIVAC® system as soon as it is available. The figures of Germany are: 12 month after introduction : 111,000 units, 1997/98 258,000 units and 1998/99 443,000 units. The German dealer is also interested in selling the the product in eastern Europe."

48. Based upon the projected sales to B Braun, and upon the recommendation of B Braun, **ISI** entered into a business relationship with Medimade B.V. in Oss, The Netherlands (hereinafter "**MEDIMADE**") to assemble the components for the **CombiVac** product in The Netherlands, for sale and delivery to B Braun for the European Market.

49. On information and belief, on or about April 12, 1996 , pursuant to instructions from **ISI**, **The Defendant Law Firm** voluntarily abandoned **The '936 Application**, which was the subject of the **Reitsma License**, and filed a new continuation-in-part application in the United States Patent and Trademark Office, (hereinafter the "**CIP Application**").

50. All of **The Defendant Law Firm's** services and disbursements relating to the preparation and filing of the **CIP Application** were billed by **The Defendant Law Firm** on its Invoice No. A0106728 (hereinafter the "'**728 Invoice**") directly to **ISI**, under the new client number assigned to **ISI** by **The Defendant Law Firm**, Account No. 3115. (***See Generally*** **Exhibit G**)

58. In or around September 1996, when **ISI** was still contemplating the acquisition of Philbia, N.V., **ISI** entered into negotiations with American Pharmaceutical Partners (hereinafter "**APP**") for the commercialization of **The Improved CombiVac Invention**.

59. On information and belief, **APP** controls in excess of eight billion dollars worth of the annual purchasing power for hospitals in the United States.

60. During the negotiations between **ISI** and **APP**, the representatives of **ISI** explained to the representatives of **APP** that **ISI** would probably be reorganizing in the near future, and that the company would probably be operating in the future as "Philbia N.V."

61. Further to the negotiations between **ISI** and **APP**, in late September or early October 1996 **APP** prepared and delivered to Mr. Johannes A. Aschman, president of **ISI** (who it had previously been anticipated would also become the president to be of Philbia, N.V.) a "Letter of Agreement" between **APP** and **Philbia** (hereinafter "**APP Proposal**").

62. The **APP Proposal** specified, in per pertinent part, as follows:

> "PHILBIA hereby agrees to exclusively license to APP within the Territory its rights to its Wound Drainage System ("Product") and any additions, improvements or expansions, as well as grant a right of first refusal for all future products developed by PHILBIA, for the following consideration.
>
> . . .
>
> "PHILBIA shall be entitled to royalties on the net sale of products sold by APP in terms of this Agreement. The royalty shall be determined as follows:
>
> | | | |
> |---|---|---|
> | (a) | On net sales up to $5 million | 4% |
> | (b) | On sales of $5,000,001 to $10,000,000 | 6% |
> | (c) | On sales of $10,000,001 to $20,000,000 | 8% |
> | (d) | On sales in excess of $20,000,000 | 10% |
>
> . . .
>
> "This agreement will remain in effect for the period of the term remaining on the patents or ten (10) years, whichever is less." (a true and accurate copy of the proposal from **APP**, bearing the notations of Mr. Aschman as per their further discussions, is attached hereto as **Exhibit N**)

63. After the **APP Proposal**, **ISI** decided not to acquire Philbia, N.V. and further discussions continued directly between **ISI** and **APP** regarding the **APP Proposal**.

64. The selling price for the products which were the subject of the **APP Proposal** was to have been in excess of $5.00 US per unit, and the minimum quantities proposed by **APP** for clinical trials were 400,000 units for 1997 and, 800,000 units for 1998.

142. On information and belief, as payment for its activities in December 1996 and January 1997, whereby **The Defendant Law Firm** caused injuries to its client, **ISI**, in the amount of $346,660,000.00 US, **The Defendant Law Firm** debited **ISI Client Funds retained by The Defendant Law Firm**.

143. On information and belief, in or about December 1996 - January 1997 **Mr. Reitsma**, together with **Mr. Pichel**, formed a new company, U-Vac, N.V., for the purposes of furthering the fraud upon **ISI**, including *inter alia* registering the **CombiVac™** and **U-VAC™** trademarks of **ISI** as being the trademarks of U-Vac, N.V., and claiming for itself patent rights which were legally those of **ISI**.

144. On information and belief, in or about December 1996 - January 1997, **The Defendant Law Firm** began representing U-Vac N.V and furthering the fraud being thereby perpetrated upon **ISI** by **Mr. Reitsma, Mr. Pichel** and U-Vac, N.V.

145. In November 1998, Mr. Aschman contacted **The Defendant Law Firm** to inquire about **ISI Client Funds retained by The Defendant Law Firm**.

146 At that time Mr. Aschman was advised that **ISI** was still a client in good standing with **The Defendant Law Firm**, but that another company, presumed by **The Defendant Law Firm** to possibly have some relationship with **ISI**, namely U-Vac, N.V., was not in good standing as to its accounts with **The Defendant Law Firm**.

147. When Mr. Aschman inquired whether there was an overpayment still being held by **The Defendant Law Firm**, or in the alternative applied to any additional unbilled services performed by **The Defendant Law Firm**, he was informed that **The Defendant Law Firm** would have to review their records to determine whether or not this might have been the case.

148. Thereafter, **The Defendant Law Firm** acknowledged that, upon reviewing its records, it had determined that the amount of $ 1,839.40 which **ISI** had previously paid to **The Defendant Law Firm** was still being retained by **The Defendant Law Firm** to be applied to any future legal services which **ISI** might require from **The Defendant Law Firm**.

149. Upon the request of Mr. Aschman, **The Defendant Law Firm** refunded to **ISI** the amount of $1,839.40 by its check number 486 dated November 4, 1998 (a copy of which is attached hereto as **Exhibit Z**).

COUNT I
Federal Lanham Act Violations

150. For Count I of its complaint against **The Defendant Law Firm, ISI** herewith realleges and incorporates herein by reference Numbered Paragraphs 1 through 149 of its Complaint.

151. The acts of **The Defendant Law Firm** in contacting **APP**, in the United States, as complained of hereinabove, constitute a violation of **ISI's** rights under Section 43(a)(1)(B) of the Federal Lanham Act.

152. By reason of **The Defendant Law Firm's** violation of **ISI's** rights under Section 43 of the Federal Lanham Act, **ISI** has been damaged in an amount not presently calculated but believed to be in excess of $11,860,000.00.

153. **The Defendant Law Firm's** violation of **ISI's** rights under Section 43 of the Federal Lanham Act has been intentional, willful, wanton, malicious and in reckless disregard for the rights of **ISI**.

154. **The Defendant Law Firm's** violation of **ISI's** rights under Section 43 of the Federal Lanham Act constitutes an intentional, willful and wanton and malicious tort against the property and person of **ISI**, by reason of which any award of damages in this case is not be dischargeable in bankruptcy, either by the partnership of Scott & Aylen or any of the individual members of that partnership.

155. **The Defendant Law Firm's** violation of **ISI's** rights under Section 43 of the Federal Lanham Act (constitutes an exceptional case under the provisions of that Act, by reason of which any damage awarded by The Court upon Count I of **ISI's** Complaint against **The Defendant Law Firm** should be increased by three times the amount awarded.

COUNT II
Deceptive Trade Practices

156. For Count II of its complaint against **The Defendant Law Firm, ISI** herewith realleges and incorporates herein by reference Numbered Paragraphs 1 through 149 of its Complaint.

157. The acts of **The Defendant Law Firm** in contacting **APP**, in the United States, as complained of hereinabove, constitute a violation of **ISI's** rights under the Uniform Deceptive Trade Practices Act, as adopted by the various states.

158. By reason of **The Defendant Law Firm's** violation of **ISI's** rights under Uniform Deceptive Trade Practices Act, **ISI** has been damaged in an amount not presently calculated but believed to be in excess of $11,860,000.00.

159. **The Defendant Law Firm's** violation of **ISI's** rights under Uniform Deceptive Trade Practices Act has been intentional, willful, wanton, malicious and in reckless disregard for the rights of **ISI**.

160. **The Defendant Law Firm's** violation of **ISI's** rights under Uniform Deceptive Trade Practices Act constitutes an intentional, willful and wanton and malicious tort against the property and

In The United States District Court
For The Northern District of Illinois
Eastern Division

ISI International, Inc., an Illinois corporation,	:	
Plaintiff,	:	**Civil Action No. 98 C 7614**
vs.	:	
Borden Ladner Gervias, a partnership, successor to Scott & Aylen	:	**Judge Conlon**
Defendant.	:	**JURY TRIAL DEMANDED**

PLAINTIFF'S FIRST AMENDED AND VERIFIED COMPLAINT

For its First Amended And Verified Complaint against Defendant, Borden Ladner Gervias, substituted by Order of the United States Court of Appeals for the Seventh Circuit for the originally named defendant, Scott & Aylen, Plaintiff, ISI International, Inc., alleges as follows:

I. THE PARTIES, JURISDICTION AND VENUE

1. ISI International, Inc. (hereinafter "ISI") is an Illinois corporation with a principal place of business at 72 Treasure Lane, Riverwoods, Illinois, which was incorporated on January 6, 1996.

2. On information and belief, the originally named defendant, Scott & Aylen (hereinafter "S&A") was an Ontario partnership engaged in, *inter allia*, the practice of law.

3. On information and belief, in or about June of 1999, S&A merged with another Ontario partnership, Borden & Elliot (hereinafter "B&E") to form a new Ontario partnership, Borden Elliot Scott & Aylen (hereinafter "BES&A").

Reitsma, and no litigation was pending anywhere in the world on behalf of Reitsma which related to the subject matter in the APP Letter and the Medimade Letters, and S&A was not aware of any litigation for patent infringement which could have been filed anywhere on behalf of Reitsma when the APP Letter and the Medimade Letters were sent.

COUNT I

Federal Lanham Act Violations

65. For Count I of its complaint against Defendant, ISI realleges and incorporates herein by reference Numbered Paragraphs 1 through 64 of its Complaint.

66. The representations in the APP Letter constitute false representations in violation of ISI's rights under Section 43(a) of the Federal Lanham Act.

67. By reason of S&A's false representations in its APP Letter in violation of Section 43(a) of the Federal Lanham Act, ISI has been damaged in an amount not presently calculated, but believed to be not less than $ 50,000,000.00 (FIFTY MILLION DOLLARS, US).

68. S&A's false representations in its APP Letter were made intentionally, willfully, wantonly, maliciously and in reckless disregard of ISI's rights, all for the purpose of injuring ISI and ISI's business, by reason of which this case is an exceptional case under the provisions of that Act, whereby ISI is entitled to have the award of its actual damages increased three times to an amount believed to be not less than $150,000,000.00 (ONE HUNDRED AND FIFTY MILLION DOLLARS).

COUNT II

Common Law Unfair Competition Trade Disparagement, Trade Defamation and Slander of Title

Supreme Court, U.S.
FILED
MAY 3 0 2003
OFFICE OF THE CLERK

(3)

NO. 02 - 1516

IN THE

Supreme Court of the United States

ISI INTERNATIONAL, INC.
Petitioner,

v.

BORDEN LADNER GERVAIS, LLP and BORDEN ELLIOT SCOTT & AYLEN (formerly Scott & Aylen)
Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

REPLY BRIEF IN SUPPORT OF ISI INTERNATIONAL'S PETITION FOR FOR A WRIT OF CERTIORARI

David A. Crossman
Counsel of Record
Law Offices of David A. Crossman
433 Briar Place - Suite 11 C
Chicago, Illinois 60657
(773) 348 1530
David@Crossman.com

6 pp

INTRODUCTION

Rather than addressing the questions presented in ISI's petition for a writ of certiorari, Respondents have attempted to revise them. However, ISI's petition involves two very specific questions of law, namely:

> whether misrepresentations, which would otherwise be actionable under section 43(a)(1)(B) of the federal Lanham Act, are not actionable if they are made in unsolicited letters to the plaintiff's customers,

and

> whether a United States citizen, domiciled abroad, who voluntarily continues to claim, maintain, exercise and enjoy the rights and benefits of citizenship in a particular state, (*i.e.* by continuing to vote in that state's elections for federal offices) can, at the same time, disclaim citizenship in that state for the purpose of defeating diversity jurisdiction.

Although Respondents claim that "this case would be a poor vehicle for addressing petitioner's questions," it is unlikely that these two questions will soon come before This Court again as clearly framed as they are by the undisputed facts in this case.

In opposing ISI's petition, Respondents have also devoted a substantial portion of their brief to a discussion

of the merits of ISI's underlying case against them. It is, therefore, tempting to respond to their discussion and to unwind their spin on ISI's case against them. However, it is unnecessary to do so in this Reply, because the parties' underlying dispute is not really relevant to the consideration of the two questions of law raised in ISI's petition for a writ of certiorari.

DISCUSSION

A. Respondents' Alternate Construction Of The Seventh Circuit's Ruling

In opposing ISI's petition, Respondents argue that the court of appeals did not affirm the dismissal of ISI's complaint on grounds other than *forum non conveniens*. Rather, they argue, the court of appeals affirmed the dismissal of ISI's complaint on *forum non conveniens* grounds, based on other factors not previously considered by the district court.

Characterizing the issues raised in ISI's petition as simply factors in a *forum non conveniens* analysis does not, however, diminish in any way the need for This Court to address those issues. More importantly, however, Respondents' alternate construction of the seventh circuit's ruling suffers from a fatal internal inconsistency.

Even though a district court has subject matter jurisdiction, personal jurisdiction over the parties and venue is proper, it may, in appropriate circumstances as

outlined in *Piper* and *Gilbert*, resort to dismissal of a complaint on *forum non conveniens* grounds. However, if a district court does not have subject matter jurisdiction (as the court of appeals concluded in this case) then that district court would not have the jurisdictional authority to rule on the issue of *forum non conveniens*.

B. The Factual Record Now Before This Court

In opposing ISI's petition, Respondents argue that the "Lanham Act issue was clearly not a central issue in the district court proceeding." However, Respondents chose to raise that issue in their briefs to the seventh circuit, and that issue was clearly "central" to the seventh circuit's affirmation of the dismissal of ISI's complaint.

Respondents also claim that the record is insufficient to enable this court to rule on the Lanham Act question. To the contrary, all of the dispositive facts necessary to the consideration of that issue are fully established in the record, and, more importantly, those facts are not disputed.

C. The Issue of Diversity Jurisdiction

The question of diversity jurisdiction arises only if it is determined that the court of appeals was correct in holding that ISI's complaint does not state a viable claim under section 43(a)(1)(B) of the federal Lanham Act. Respondents argue that because one of their partners, Ms. Brown, is a United States citizen domiciled in Canada,

she cannot be regarded as a citizen of any particular state for purposes of diversity jurisdiction. However, Ms. Brown has also confirmed that she has continued to claim the rights of citizenship in the state where she previously resided by continuing to vote, via absentee ballots, in that state's federal elections.

If United States citizens, domiciled abroad, who choose to legally claim, maintain, exercise and enjoy the rights of citizenship in the state where they previously resided, are not to be regarded as citizens of that state for purposes of diversity, then they are to be denied what Chief Justice Marshall termed their "constitutional right to come into the courts of the Union."

In an age when many United States citizens find themselves domiciled in foreign countries, the answer to this question is of very real importance, and this question could not be more precisely framed for consideration by This Court, than by the undisputed facts in this case. Moreover, no court, other than the United States Supreme Court is better suited to answer that question.

CONCLUSION

Therefore, it is respectfully submitted that, notwithstanding the objections raised by Respondents, ISI's petition for a writ of certiorari should be granted.

May 2003

Respectfully submitted,

David A. Crossman
Law Offices of David A. Crossman
433 Briar Place - Suite 11 C
Chicago, Illinois 60657
(773) 248 1530
David@Crossman.com
Attorney for Petitioner